

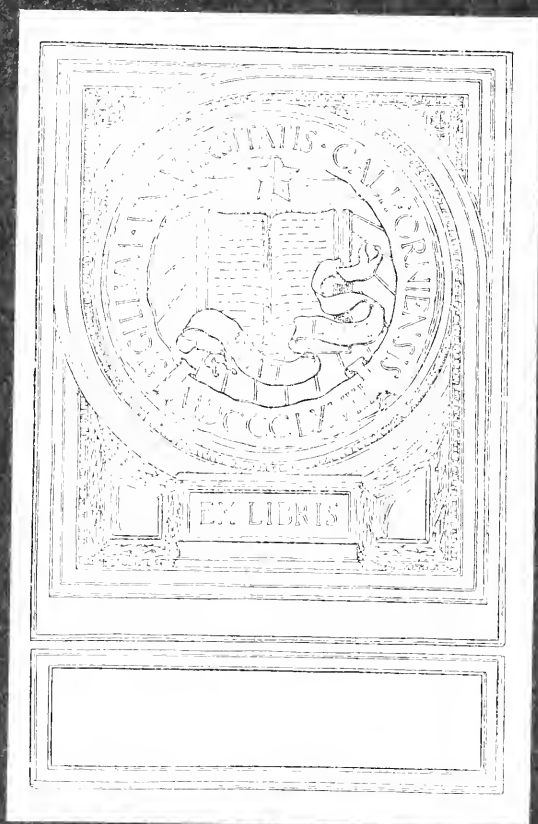
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he Railway Problem.

ADDRESS

OF

MR. FRANKLIN B. GOWEN,

ON

the Position which the City of Philadelphia
should occupy to the Commonwealth of
Pennsylvania, to its Transportation
Lines, and to the Railway
Problem of the day.

DELIVERED UPON THE INVITATION OF CITIZENS OF PHILADELPHIA,

AT THE

ACADEMY OF MUSIC,

THURSDAY EVENING, JUNE 16, 1881.

PUBLISHED BY THE INVITATION COMMITTEE.

SUPPORTED BY D. F. MURPHY, Official Reporter of the U. S. Senate.

Jackson Bros., Printers, Library St., Philadelphia.

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CORRESPONDENCE.

Philadelphia, May 31, 1881.

FRANKLIN B. GOWEN, Esq.,

President of the Philadelphia and Reading Railroad Co.

DEAR SIR:—

The undersigned, your fellow-citizens of this great Commonwealth, many of us share and bondholders in the widespread interests intrusted to your care, view with apprehension any possible dwarfing of the usefulness and progress of the Philadelphia and Reading Railroad Company. The present situation of its affairs is to be regretted. Everything points to its rapid restoration, if it were not for the persistently continued litigation.

Those of the subscribers who were present at your late meeting, were glad of the opportunity to show you our confidence in the sincerity of your solicitude for the welfare of the Road. We now respectfully ask that you may further enlighten us as to the situation, in its bearings on the industries and commerce of our City and State, as you, with your experience and knowledge of it, see it.

The future of the Railroading Interests of this country is a tremendous problem. No doubt, in its broadest sense, also, you have deeply pondered it, and in its solution your powerful aid cannot but be enlisted; as also in the local movements of reform now progressing so encouragingly to earnest men.

If you can, at an early date, respond to our desire, in a public address, we will at once arrange the time and place for you.

We are, truly yours,

JOHN H. BRINGHURST,
RICHARD HECKSCHER & CO.,
JOHN MILNES,
GEORGE F. WIGGAN,
DONALDSON & THOMAS,
W. H. DRAYTON,
POWERS & WEIGHTMAN,
RICHARD VAUX,
DANIEL R. BENNETT,
JOHN T. MORRIS,
WILLIAM C. LUDWIG,
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 J. B. VAN DUSEN,
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 JOHN TURNER,
 WM. H. JENKS,
 CHARLES E. SMITH.

—*The following Residents of Norristown, Lancaster, Pottstown,
Reading, and Pottsville:—*

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GEORGE W. GRANT,	C. M. ATKINS,
HORACE ROLAND,	P. W. SHEAFER,
WILLIAM P. CUSTER,	CHARLES BABER.
SOL. WEIDA,	

—The following members of the Legislature at Harrisburg:—

LEWIS EMERY, JR., Tioga, Potter and McKean Cos.,	J. W. SCANLAN, Northumberland Co.,
JAMES GAY GORDON, Philadel- phia Co.,	A. F. McNULTY, Lackawanna Co.,
JAMES SILL, Erie Co.,	LEMUEL AMERMAN, Lackawanna Co.,
EVAN HOLBEN, Lehigh Co.,	J. H. MARSH, Bradford Co.,
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C. W. TYLER, Crawford Co.,	S. H. HAMM, Clarion Co.,
JOHN H. LANDIS, Lancaster Co.,	A. SIEGER, Lehigh Co.,
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CHARLES TUBBS, Tioga Co.,	E. L. DAVIS, Forest Co.,
M. F. COOLBAUGH, Monroe Co.,	W. R. BIERLY, Lycoming Co.,
	CHARLES S. WOLFE, Union Co.

Philadelphia, June 8, 1881.

GENTLEMEN:—

I have to acknowledge the receipt of your valued communication of the 31st ult., and to thank you most sincerely for the expression of your confidence in myself, and for your kind wishes for the prosperity of the great interests with which I have been so long connected.

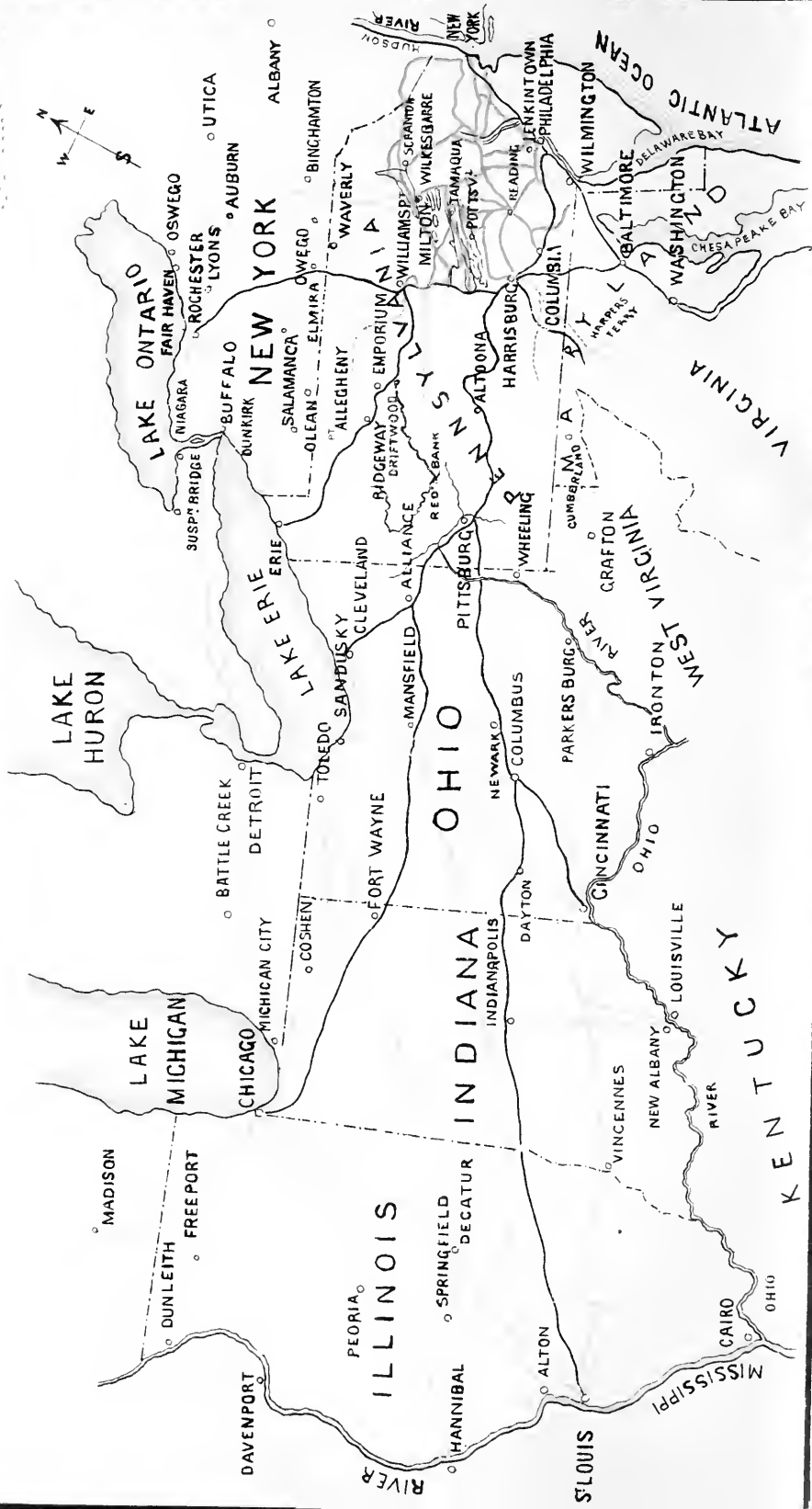
It will give me pleasure to respond to your request, by delivering, at such time and place as may be appointed and selected for the purpose, an address upon "The position which the City of Philadelphia should occupy to the great Commonwealth of which she is part, to its Transportation Lines, and to the Railway Problem of the day."

Believe me, Gentlemen, with great respect,

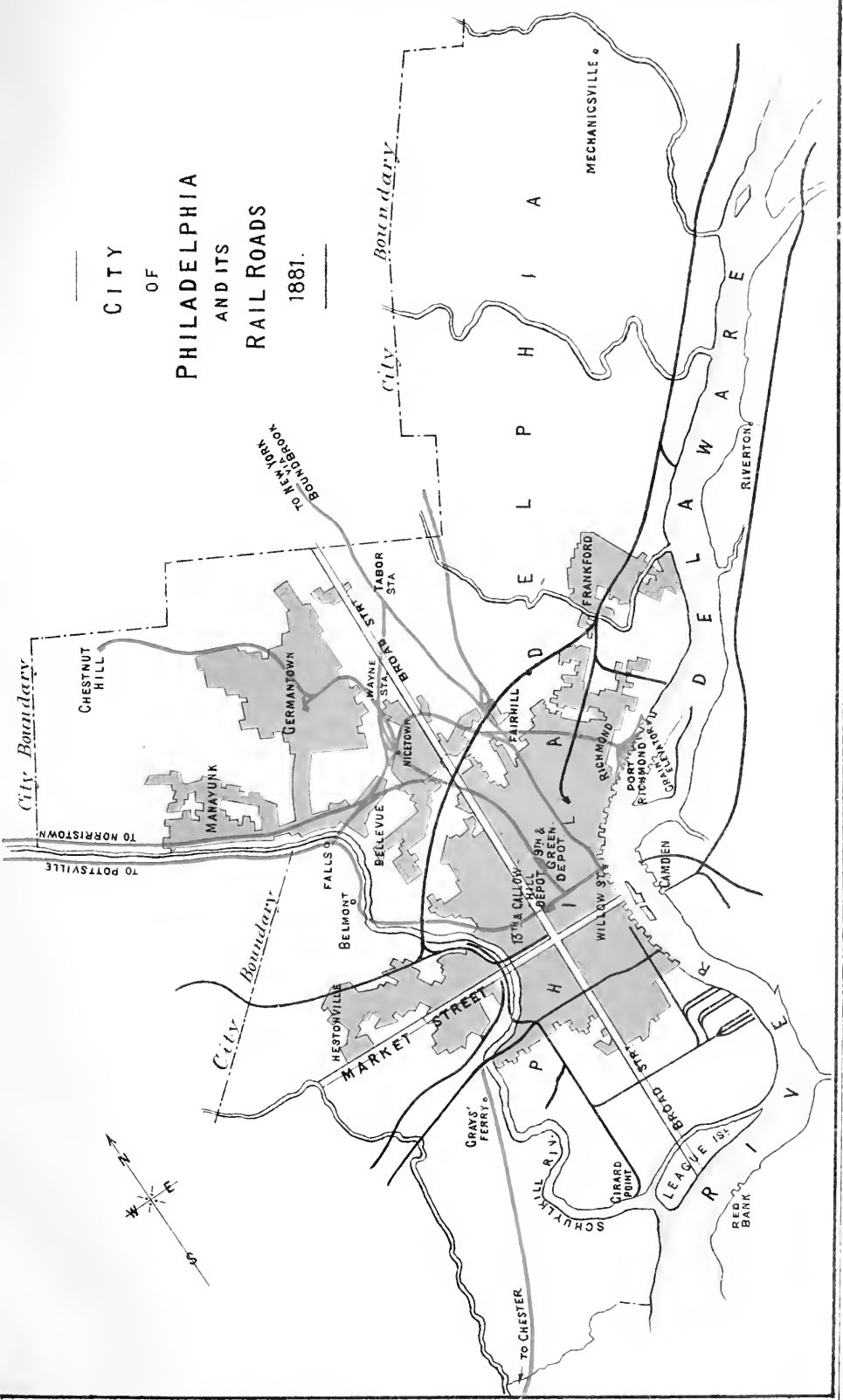
Your obedient servant,

FRANKLIN B. GOWEN.

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CITY
OF
PHILADELPHIA
AND ITS
RAIL ROADS
1881.



MR. E. C. KNIGHT called the meeting to order, and said:

LADIES AND GENTLEMEN:—It affords me great pleasure to nominate Major-General Robert Patterson to preside at the meeting this evening.

The nomination was unanimously agreed to.

MR. KNIGHT.—I need not introduce General Patterson; he is known to you all.

GENERAL PATTERSON (who was greeted with applause) said:

LADIES AND GENTLEMEN:—I am about to do an act which certainly is not necessary, and I have always had a great objection to wasting my ammunition [*laughter*]; but custom has rendered it, I believe, necessary that the gentleman who is to address the meeting should be introduced by the Chairman. I have now the great pleasure, not of introducing to you, for that is unnecessary, but of presenting to you a man who is known in every city and State in the Union. [*Great applause.*] You know now who I mean. You know the man whose courage redeemed the Schuylkill region from a set of robbers, and pirates, and murderers [*applause*]; the only man in this State who had the nerve, the ability, and the perseverance to do it. I present to you, ladies and gentlemen, Franklin B. Gowen.

MR. FRANKLIN B. GOWEN (who was greeted with great applause) said:

MR. PRESIDENT, LADIES AND GENTLEMEN:—I am to speak to-night upon the position which this great City of Philadelphia should occupy to the Commonwealth of which she is a part, to the transportation lines of that Commonwealth, and to what I have called the great railroad problem of the day; and, without further introduction, I shall take up these three subjects in the order in which I have presented them to you.

First, with reference to the position which the City of Philadelphia should occupy to the Commonwealth. She

should be the commercial and intellectual metropolis of the Commonwealth. The City of Philadelphia should be the factor of the products of the Commonwealth of Pennsylvania. Within this great State of Pennsylvania there is such wealth that, if it could have been collected and distributed from Philadelphia, it would have made the City of Philadelphia to-day what it was a hundred years ago, the first city of the United States of America. [*Applause.*]

The State of Pennsylvania is a great empire. It has an area equal to that of England and Wales together. It has coal fields within its borders of very nearly twice the extent of all that England and Wales put together contain. It has iron wealth and iron resources double, aye, treble those of all England and Wales together. It has forests which are to-day almost as productive as they were fifty years ago. It has broad areas of farm land, the richest that ever God's sun shone upon. Over and beyond all this, it has a great population of God-fearing, law-abiding citizens, a population collected in the New World, and embracing all the great races of the Old World. The Saxon and the Celt, the Teuton and the Gaul, have here united to mingle their blood and to produce one common stock that may be looked upon with pride as the best specimen of the best type of that distinctive American race which is to become the glory of the Western Hemisphere. [*Applause.*]

I can say, truly, that the City of Philadelphia has neglected its State; that while the wealth, the ability, and the enterprise of this City have been directed beyond the State to secure the commerce of the West, the city of New York has come in through the side door, and taken away from us the great and growing commerce of Pennsylvania. It is not alone the commerce of the West that has built up New York as against the City of Philadelphia, but while we have been struggling to secure the evanescent glory of western commerce, New York City has been built up by the products of the State of Pennsylvania, which her own City has neglected. It was not so fifty years ago. The wise men who lived in this City in those early days projected a system of railway communication intended to place the City of Philadelphia in connection

with almost every developed portion of the Commonwealth. The great Pennsylvania Railroad was projected to the West to connect Pittsburgh with Philadelphia; the Reading Railroad was projected to connect the Schuylkill coal fields with the City of Philadelphia; the Sunbury and Erie Railway was surveyed in early times for the purpose of connecting the great Lakes and the commerce of those Lakes with the City of Philadelphia, so that the State of Pennsylvania should have its port upon the Atlantic and its port upon the Lakes. The North Pennsylvania Railroad was projected for the purpose of reaching northward through the mineral lands of the Lehigh Valley up to the coal fields of the Lehigh and the Wyoming regions.

In the progress of time these four great avenues of communication have become consolidated and crystallized into two, and we have now terminating in the City of Philadelphia but two railway systems. One of these is the Philadelphia and Reading, and the other is the Pennsylvania Railroad. All the others have become incorporated and merged into these two, and to-day, whatever we may look forward to for developing and increasing the prosperity of the City of Philadelphia, as resulting from its intercourse with the outer world, we must look forward to as coming over the lines of communication that are owned by but two companies.

The Philadelphia and Reading Railroad owns a system covering 816 miles of railway, all within the State of Pennsylvania. The Pennsylvania Railroad owns 1,953 miles of railway located within the borders of the State. The freight tonnage of the Reading Railroad is 14,000,000 of tons; that of the Pennsylvania Railroad, in Pennsylvania, is 15,360,000 tons. The number of passengers carried by the Reading Railroad Company, in the State of Pennsylvania, was last year 9,703,473; the number carried by the Pennsylvania Railroad, in the State, was 7,757,940. The total debt and capital of the Reading Railroad is \$127,000,000, every portion of which is invested in the State of Pennsylvania. The entire debt and capital of the Pennsylvania Railroad Company is, or was prior to its recent increase, \$154,000,000, and out of that

amount they have paid for some \$36,000,000 of securities of railway lines existing beyond the limits of the State. Now I hold that the future prosperity of the City of Philadelphia will be protected, improved, and increased more by the development of the State itself than by the development of any industry beyond the State. If a Chinese wall had been built around the borders of the State of Pennsylvania, so that there could have been no exit from or entrance to it for commerce except over the ocean, and over the lakes, and over those great rivers which God has given us to bear the commerce of the world; and if all the products of Pennsylvania could have been turned into the City of Philadelphia; I say that Philadelphia to-day would be a city of twice the magnitude of the City of New York. [*Great applause.*]

While the Reading Railroad Company has done nothing except for the purpose of bringing the products of Pennsylvania into the City of Philadelphia, what has been the policy of the Pennsylvania Railroad Company? Upon this subject I propose to speak with great candor, to make no personal attack, but to speak boldly of systems and projects and business enterprises, so that the calm consideration of the citizens of Philadelphia can be directed to a problem which to me is of almost gigantic magnitude. [*Applause.*]

If you will look at the large map which is back of me, you will see in red colors the lines of the Reading Railroad; in black you will see the lines of the Pennsylvania Railroad; in dark blue you will see the lines that are in opposition to the Pennsylvania Railroad, but which secure entrances into the City of Philadelphia by means of the Reading Railroad; and you will see shaded in yellow or in orange many lines running from the eastern portion of Pennsylvania, and especially from its coal fields, to take the wealth of Pennsylvania in minerals to the City of New York, instead of bringing it to the City of Philadelphia.

While there are no lines of the Reading Railroad that were built with any other view than to develop Pennsylvania, and to bring the commerce of the State to its chief city, I say that the policy of the Pennsylvania Railroad

has not only been to sacrifice Pennsylvania for the purpose of securing western lines, but that the policy of that Company in many instances, to which I now propose to call your attention, has been to secure avenues of transportation, and cover the ground for railroads in the State of Pennsylvania for no other purpose whatever than to prevent business being done upon them.

Take the Philadelphia and Erie (formerly the Sunbury and Erie Railroad) as the great example of this policy. That road was the main thoroughfare from the coal fields of Pennsylvania to the Lakes. It is, as it were, the hypotenuse of a right-angled triangle, of which the New York main lines constitute the base and the several lines extending southward from them at right angles into the heart of Pennsylvania, constitute the altitude. The Philadelphia and Erie Railroad was the line over which all the coal of Pennsylvania seeking an outlet through the Lakes, should have gone.

What is the result? Although this line was the first built; although it afforded direct communication from the Pennsylvania coal fields to the Lakes; although it had the first chance to secure the business, and might have had it all; and although if it had it all, it would have inured greatly to the prosperity and wealth of the people who owned that line, yet you will be astonished to know that in the year 1879 there were shipped from Erie, the terminus of the Philadelphia and Erie Railroad, only 159,000 tons of Pennsylvania anthracite coal, while from the rival port of Buffalo, to reach which the trade has to be carried over two sides of the triangle, there were shipped 904,000 tons.

It is a most remarkable fact, that a line planned and built by the people of this State, for the development of her industries, has been seized hold of by a great corporation for the purpose of preventing any industry going over it. Why? Simply because (and I say this without fear of contradiction, and I am able to furnish the proof), if that industry had been developed, it would have injured some of the pet industries of the Pennsylvania Railroad, which the ring that has managed that corporation conducts for its own benefit. [*Applause.*]

If the Pennsylvania Railroad Company had bought this railroad boldly and honestly, and paid for it, they would have had a right, so far as the shareholders of the company were concerned, to do what they pleased with it. But how did they get possession of the road? In the year 1862, when they had but a small proportion of its capital, they made a lease of it, which, so far as I can see by reading it, was a very excellent one for both parties. It was a lease by which they were to give thirty per cent. of the gross receipts of the company forever, to the shareholders who owned it, and keep seventy per cent. for the cost of working it, and for their own profit.

That was a fair, honest, open lease, good for both parties, and whatever future increase of traffic there would have been secured would have inured to the benefit of both parties. But in the year 1870, eight years afterwards, when the Pennsylvania Railroad owned only 31,000 shares of the stock, when the City of Philadelphia owned 45,000, and when the outside public and one western corporation owned together 90,000 shares, the Pennsylvania Railroad Company, with the influence they exercised over the Councils of this City, procured Councils to unite with them in changing the terms of the lease, so that for the remainder of the nine hundred and ninety-nine years, instead of paying thirty per cent. upon its gross receipts, they were obliged simply to pay whatever they chose to permit it to earn; and since that time, gentlemen, you know very well it has never earned anything, and its debt has been increased \$8,000,000.

This portion of Pennsylvania is to some extent almost a desert. Let me call your attention to the fact that in the year 1870, when that lease was changed, the tonnage of the line was 1,614,000 tons; in the year 1880, it increased to 4,861,000, or nearly three times as much; and yet, though the traffic had increased three times, the gross receipts which in 1870 were \$3,144,000, were in 1880 but \$3,700,000, or but little increase whatever.

Here, then, is the first instance to which I have to call your attention where a railroad has been not bought and paid for, but secured and captured by that system of manipulating the Councils of this City, which some of

these gentlemen so well understand. It has been taken away from its owners, the terms of its contract changed, its tonnage has increased three hundred per cent., and its gross receipts have increased little or nothing, whereas its debt has increased \$8,400,000, the interest on which must be paid before the shareholders get anything. The whole section of Pennsylvania through which it runs, and the people who own it, have been injured, simply because if that road had been permitted to do business, it would have become a rival to some of the industries that are located upon or prosper by the use of the main line of the Pennsylvania Railroad.

Let me next call your attention to the line which is known as the Low Grade line, leading along Bennett's Branch, and *via* the Allegheny Valley to Pittsburgh. The last year I was at the bar, some thirteen years ago, I had a client named Reuben Winslow. He had a large and a valuable estate in the middle of Pennsylvania. He was anxious to develop his property. He located a line of railroad, commenced to grade it, and his only object under Heaven was by his own resources, by his own means, by the indomitable energy which God had given him, to develop the State of Pennsylvania, to increase the value of his own family estate by building a railroad that could connect, if necessary, even with the very Pennsylvania system itself, for the purpose of transporting coal and other products. The Pennsylvania Railroad was at that time supremely powerful. With force and arms, its servants went upon Mr. Winslow's property and wrested it from him. They destroyed his works. They laid their own rails upon his location. Like thieves in the night they came upon him, as it were, with armed men, and took away from him the product of his own industry, and he knew it was useless in this State to contend with so powerful a corporation. They robbed him of his property, they laid this Low Grade line upon that which belonged to him, and I tell you from that time to to-day the curse of God seems to have rested upon that Low Grade line; it has done but little business, and the object of its construction, doubtless, was to prevent business from being done. Mr. Winslow came to me during his struggle, and I was very much in-

terested in him and in his case, and if I had remained at the bar I would have done what I could to have either saved his property or to have recovered damages for its destruction; but they robbed him of it; they harassed his life, and at last, as a ghastly termination to that life which they had rendered miserable, I learned that he was killed in an accident upon their own road. Their success was complete; they secured the line which belonged to him, but it arrested the development of that portion of Pennsylvania. Why? Because had they permitted the coal of that region to have free access to market it would have injured the profits of somebody who was mining elsewhere, and whom, for reasons best known to themselves, they had determined to protect.

I know a gentleman of our own City who has an estate covering sixteen miles in length upon or near to the lines of the Pennsylvania Railroad, and for fifteen or twenty years he has been struggling to develop his great property, and he has not only been unable to do it, but his life has been made miserable by that system which prevents the development of Pennsylvania industry for fear that competition might interfere with the profits of some others, who have always had a first lien upon the protective consideration of the officers of the Pennsylvania Railroad Company. Many years ago I became interested as part owner in some coal lands in the lower portion of Luzerne County, and the only line of railroad through them is a line which now belongs to and always did connect with the system of the Pennsylvania Railroad. They are the nearest coal lands to the north, and they attracted the attention of a number of gentlemen of Canada, who, seeing the growth of the anthracite coal business, were anxious to become the owners of coal land in Pennsylvania, so as to secure a production for the Canadian markets. They naturally preferred such as was located at the point most accessible to their market. They discovered that the lands I refer to were the best located, and they came to me. This was six or eight years ago. They came to me to say that they were anxious to take a lease of the lands; that they would spend \$200,000 upon them; they would develop them and pay whatever rent was fair, and I told

them we could make a bargain with them in five minutes. It was exactly what we wanted. They then said, "But how about transportation?" "Well," I replied, "with that I have nothing to do; the land is upon the lines of the Pennsylvania Railroad, and you must go to that company."

They saw officials of that company, and in an hour or two they returned, and told me that the rates of transportation given to them were such that if they mined the coal and sent it to Canada, and sold it at the then market price, they would lose one dollar a ton. But they were told that if they would not go into the business of selling coal themselves, but would mine it and sell it to a certain other company or party that was named, who had transportation rates that enabled them to do business, they could mine the coal and sell it, and make a profit of fifty cents a ton. As their primary object was to engage in the business of selling coal in Canada, they gave up the enterprise, and those lands remained practically idle for a great number of years.

Look at the wealth in coal of Pennsylvania that has gone to the City of New York. The Reading Railroad owns 90,000 acres of coal land, and all the product comes to the City of Philadelphia. But there are New York companies who, together, own and control of Pennsylvania anthracite land about 100,000 acres, and they have bought this land—the heart of Pennsylvania—have built railroads leading over its mountains, up hill and down dale; not following the natural courses of the valleys to the City of Philadelphia, but they have surmounted the barriers of the mountains, and constructed their lines in order to take the wealth of Pennsylvania to add to the growing commerce of the City of New York. What is the result? Why, gentlemen, last year there were shipped of Pennsylvania anthracite from the City of New York, 7,674,000 tons, and from the City of Philadelphia there were shipped only 2,400,000 tons. Here, then, is the wealth of this State taken from you while you sleep, by the energy and the capital and the enterprise of New York. While the great Pennsylvania Railroad Company, that claims to be the guardian of your interests, has been

shutting her eyes to any wealth, except that which lay beyond the borders of the State, the wisdom, the ability, the forethought, and energy of New York have enabled it to overcome all natural obstacles, and to capture the greatest portion of that vast mineral wealth which God located almost upon the borders of your City.

From coal let me turn to the oil trade:—

There is no State except Pennsylvania that produces oil in any great quantity. There is some little in New York, and there is some little in West Virginia, and there may be local deposits in other States; but the great oil product of this country comes from the State of Pennsylvania. It is a peculiar product. Stored up in the almost inaccessible bowels of the earth is this great illuminating power, which is being used all over the civilized world. The whole world demands this oil, and is a ready customer looking for its exportation. The wealth of this deposit of oil, if utilized for the benefit of the City of Philadelphia, would have been worth alone twice as much as all the western grain that is brought to the City for shipment to Europe.

The Pennsylvania Railroad Company, with its system of roads, was the nearest to the oil regions. It had the best opportunities of securing the oil trade. None other could have successfully competed with it. It had advantages of grades, and advantages of location, and the great advantage of citizenship of the same State, and there was everything to give it, in the struggle for supremacy, the power to control all of its competitors.

Well, gentlemen, last year there were shipped from the City of New York to foreign countries, of Pennsylvania petroleum, 7,151,274 barrels, and from the City of Philadelphia there were shipped 1,620,601 barrels. There were refined in the City of New York, of crude petroleum, last year 8,293,960 barrels. In the City of Cleveland, away out in Ohio, there were refined of Pennsylvania petroleum 2,139,840 barrels, and here, in the commercial metropolis of the great Commonwealth of Pennsylvania, here within our very borders, within the State where this oil is found, here in Philadelphia, to whose port this

wealth of oil should have been directed, there were refined but 1,783,760 barrels only. Why was this? Echo answers, why; but the priests who minister in the temple of the Pennsylvania Railroad Company could, if they wanted to, solve the question presented by the array of figures to which I have called your attention.

Gentlemen, as many of you know, the Reading Railroad Company was instrumental, two or three years ago, in securing the construction of a pipe line from the oil region to its railroad; but even before that pipe line was completed, we attempted to force the product of Pennsylvania oil into the heart of Philadelphia. There were refineries erected here that were idle; there were refineries that could get no oil to refine; there were refineries owned by men of capital and men of enterprise, located here in your midst, whose owners might have gone down upon their knees, in vain, to beg the power that controlled the great highway of the commerce of Philadelphia and of Pennsylvania to transport their crude oil to Philadelphia. They applied to us, and we determined to break the barrier, if we could, at all hazards. Without asking the Pennsylvania Railroad, who had seized a mile of road on the west of the Schuylkill river, over which we had to pass to reach the refineries, we commenced to ship oil to the City of Philadelphia, in the hope that we could open a trade with the oil refiners within her borders. [*Applause.*]

Gentlemen, mark the result. I read from a copy of an official document emanating from the office of the Pennsylvania Railroad Company:

PENNSYLVANIA RAILROAD COMPANY,
OFFICE OF GENERAL FREIGHT AGENT.

Philadelphia, April 11, 1877.

J. LOWRIE BELL, ESQ. [Mr. Bell was then General Freight Agent of the Reading Railroad]. We understand that several car loads of oil have passed over our line, between Belmont and Gibson's Point, and that others are to follow. This being entirely a new business, and

strictly competitive with our line, we hereby notify you that a charge of twenty (20) dollars per car will be made on each car for passing over the track of the Pennsylvania Railroad, for the present. Mr. Pugh has been instructed to collect this amount.

(Signed)

S. B. KINGSTON,
General Freight Agent.

Twenty dollars a car for passing eighty barrels of oil over one mile; twenty-five cents per barrel for passing over one mile, when the utmost the law allowed them to charge was about half a cent per barrel. The extreme limit for one mile would be little over half a cent, and they charged twenty-five cents a barrel; and when they had been carrying oil into the City of New York at from fifteen to twenty cents a barrel, for 500 miles of transportation. They charged us, or attempted to charge us, twenty-five cents a barrel for passing over one mile in the City of Philadelphia, that it was necessary to pass over in order to reach the refineries whose owners were endeavoring to secure this business of refining oil for Philadelphia. [*Applause.*] We stopped. What could we do? We could have gone to law with them, and in five or six years we might have got a judgment against them, and then, if the Supreme Court would have let the judgment alone, we might have got fifteen or twenty dollars damages for the detention to the particular consignment mentioned in Mr. Kingston's notice. [*Laughter and applause.*] In all such fights as that, I had long ago made up my mind that discretion was the better part of valor, and I hoped that at some time or other the arena for this struggle would be transferred to the public, and I could come before the public, and, by its aid, secure the rights which I had been vainly striving to get from the constituted authorities of the Commonwealth. [*Applause.*]

So we waited until the pipe line was completed; but in 1879 we attempted to send some of the first products of the pipe line over this mile, this sacred mile of railroad, which is subjected to the awful supremacy of the Pennsylvania Railroad Company. We again encroached upon

her hallowed precincts. We transported oil, the product of the pipe line that came to us at Williamsport and was again consigned to a Philadelphia refiner, and from the office of the General Agent of the Pennsylvania Railroad there emanated the following epistle:

WEST PHILADELPHIA, *June 11, 1879.*

DEAR SIR:—By direction of our Third Vice-President, I am instructed to make a rate of \$12.50 per car on your tank cars loaded with oil from West Philadelphia to Greenwich. This rate to take effect commencing to-morrow, June 12th. Please acknowledge receipt.

(Signed)

O. E. McCLELLAN.

General Agent.

Well, gentlemen, we were blocked again. The owners of the refineries that were erected on the lower Schuylkill in your City discovered that it was impossible to get any oil whatever, and they learned by sad experience, which some of them were wise enough to profit from, that the main object of building a refinery in the City of Philadelphia was to sell it to the Standard Oil Company and take a salary for keeping it idle, so that the oil could be refined in Cleveland and in the City of New York, without any interference by citizens of Philadelphia; and when these gentlemen had sold their refineries and accepted a salary from the Standard Oil Company, of course, they did not want any oil from us. Then we were in the position of a great transporting company that had spent a vast amount of money to bring a great product to its Philadelphia terminus, and had found that the refining establishments, who had been begging us to give it to them, became the cohorts of the Standard Oil Company, which I believe at that time was an *alias* under which some of the officers of the Pennsylvania Railroad Company transacted business. [*Applause.*] We had nothing to do but to secure the construction of an independent refinery, and such a refinery was built at Chester, and whatever product of oil there is now credited to the City of Philadelphia is very

greatly due to that large refining establishment which has been built in defiance of the laws of the Pennsylvania Railroad Company, and against the *fiat* of the Standard Oil Company.

So much for the products of Pennsylvania going to New York and to other cities. What, then, has been the policy of the Pennsylvania Railroad? It has been to develop western enterprises. While New York has been capturing the cream of Pennsylvania products, the Pennsylvania Railroad has been going after the barren husks of western commerce to bring to the City of Philadelphia for transshipment to Europe. And what does it amount to? What have they given us? Let us examine the statistics. What have they given to the City of Philadelphia in exchange for the products of our own State, which she might have had the control of, and from which she might have derived such large profits?

I am reminded here, and have forgotten to mention it at the proper place, that a few months ago, when I had to look into the future without knowing very well, until I heard from the Courts, whether I was President of the Reading Railroad Company or not; when I had to look about, not for a new profession, but to recommence the practice of the old, some of my friends in New York said to me, "Gowen, why don't you come over to New York and practice law?" I replied, "I don't know much about New York law, but I know a great deal about Pennsylvania law, and I love Pennsylvania; I know its people; I know a great deal about its business, and I think I had better stay at home." "Well," they said, "that is the very reason we want you over here; don't you know that there is more Pennsylvania business to-day transacted in the City of New York, three times over, than in the whole City of Philadelphia? and that is the reason we want a man who knows something about it, to locate amongst us." And I was compelled, with some degree of shame and humiliation, to admit that there was a great degree of truth in the boast; that Philadelphia had, indeed, lost the business of its own State, and that it had gone to a neighboring city.

The Pennsylvania Railroad Company has been hunting western business, and what has it secured? Its own reports

show that of its own capital it has some \$36,000,000 in western lines. A report, made by the company four years ago, stated that the capital of all the lines west of Pennsylvania, which it owned and controlled, amounted to \$200,000,000. I do not know what it is now. We may safely assume that, taking the whole vast system of the Pennsylvania Railroad Company all over the United States, it has more capital invested west of Pennsylvania than it has invested in the State of Pennsylvania itself.

What does it get from their investment? Last year its entire western business was $13\frac{1}{2}$ per cent. of its total receipts, the remaining $86\frac{1}{2}$ per cent. being local Pennsylvania traffic. Although the amount of capital invested in the West is as great as that invested in Pennsylvania, it produced for the benefit of the Pennsylvania line but $13\frac{1}{2}$ per cent. of the gross business and gross receipts of that great corporation. That is a very small quantity. But let us see, out of that small quantity, what it gave to the City of Philadelphia. Many of you who are unacquainted with the figures will probably be astonished to know that the grain business last year from the City of New York was 143,856,040 bushels; from the City of Baltimore it was 54,722,872; from the City of Philadelphia it was 30,061,000—30,000,000 out of 228,000,000!

But, gentlemen, out of the 30,061,000 bushels shipped from the City of Philadelphia, the Reading Railroad Company itself shipped 13,597,000 bushels, and the Pennsylvania Railroad Company only 16,464,000 bushels. In other words, the Reading Railroad, without one dollar of capital invested in the West, without one penny involved or at stake, and without saddling its Pennsylvania business with any burden to enable it to move western traffic, almost in the infancy of its trade, and within two or three years after it made its first connection with western lines, has shipped from the City of Philadelphia 45 per cent. of all its foreign commerce in grain. [*Great applause.*]

But what has the Pennsylvania Railroad done for the other cities? Last year it shipped to New York 8,908,565 bushels of grain; it shipped to the City of Baltimore, by its Northern Central Railway, 24,625,292 bushels of grain, making a total of 33,533,857 bushels of grain which

the Pennsylvania Railroad shipped to Baltimore and New York together, whereas to the City of Philadelphia it only shipped 16,464,000 bushels, or less than one-half of what it gave to rival cities. And I say to you that your eyes have been closed to what has been going on. It is the most chimerical notion in the world that all this enterprise and all this money that have been devoted and expended with the approval and approbation of the citizens of Philadelphia for the purpose of securing western grain, have been of especial benefit to Philadelphia, when the fact is that the City of Philadelphia only secures half of what is given to the other two cities. A large manufacturing establishment located in this City, like the great locomotive works of Burnham, Parry, Williams & Co., or any kindred industry, is worth more to the prosperity of the City of Philadelphia than all the foreign grain business of the Pennsylvania Railroad Company put together. [*Applause.*]

But, gentlemen, at what rates of transportation has this western grain been carried? You have but to turn to the newspapers to learn this. I cannot possibly say the Philadelphia papers, because the mental capacity of some of the editors of Philadelphia papers is such that they do not like to be disturbed with conflicting opinions, and so they only furnish one side of any question. [*Laughter and applause.*] Very much like the Judge, who, in hearing a case of some importance, after the first counsel had gotten through, said: "I do not want any more, because if I hear the other side, my mind will get bothered and I will not know how to decide, but now it is all on one side, and I can decide the cause without any difficulty whatever." [*Great laughter.*]

So you do not always get the facts from some of the Philadelphia papers; but if you read some of the other papers you will find that often and often this great Pennsylvania Railroad has been carrying western freight through your City at one-half the actual cost of transportation. Now who pays the piper? This is a problem that does not require any great ability to solve, although there are two answers to it, but it must be either one or the other. If they carry thirteen per cent. of their entire

traffic, which embraces the total of their western business, through the borders of Pennsylvania, at one-half the sum that it costs to transport it, somebody must pay the difference, and it must be either the shareholders of the company, who got less dividends than they would have gotten if none of the business had been done at all, or it is paid for, as I strongly suspect and believe, by the local industries of Pennsylvania, which are charged more than would otherwise be necessary, in order that the surplus profits derived from the overcharge shall make up the loss resulting from the low rates at which the western business has been transported.

I have always been at a loss to account for the fact, that when the great States of the West were thriving at the expense of eastern industry, and living, as it were, upon eastern capital; when corporation after corporation, in the wild struggle for western freights, were building railroads and projecting lines through their territory; when the capital of Europe was being transferred to this country for the purpose of developing the great West; when its products were being carried at one-half of the cost of transportation to eastern cities, for transshipment to Europe—that such a thing as the Granger agitation should have arisen in the West, directed against the railroad companies. I could well have understood how a granger element could have arisen in Pennsylvania; I could have understood how the industries of Pennsylvania might have resented this unnecessary and unjust taxation imposed upon them, for the purpose of enabling the Pennsylvania Railroad Company to transact its western business at a loss; but I could not understand how the western people, who reaped the benefit and secured the reward, could find it in their hearts to complain of the railroad companies that were doing them such great service.

But this is not all. After the Pennsylvania Railroad had gotten all these western lines; after it had secured all this business, it found that it was necessary to take it, not to the City of Philadelphia, but to the City of New York. That was perfectly right; I do not object to that. They had a right to do it, but how did they do it? and at what

cost to themselves or to the industries of Pennsylvania? They leased the Camden and Amboy, or the United Railroads of New Jersey, for the purpose of securing an outlet to the City of New York, and from their own reports I gather that, from the date of taking that lease until the date of their last annual report, they have lost upon that lease the large sum of \$5,986,113.42.

That is none of my business, except to this extent: that if I come before the public to enlighten it, I have the right of propounding a conundrum which I shall ask you, gentlemen, and some of you, ladies, who are pretty good at guessing riddles, to solve before you go away, and it is this: If it was necessary for the Pennsylvania Railroad Company, in the course of these few years, to lose \$5,986,113.42 out of their treasury for the purpose of getting to New York, would it not have been far better for them if they had stayed away and continued making ten per cent. dividends upon the business of Pennsylvania? [*Applause.*] If the answer to this conundrum is in the negative, then I have simply to suggest, as I did before, that that loss of \$5,986,113.42 was either borne by the stockholders of the Pennsylvania Railroad Company, or it was imposed as an additional burden upon the internal commerce and local industries of Pennsylvania.

If this is so, what good does it do to the City of Philadelphia? Would it not have been better if the company had devoted its energies to Philadelphia and to Pennsylvania? Would it not have been better that it never should have been necessary to impose such a burden on the prosperity of Pennsylvania for the purpose of enabling a Pennsylvania corporation to build up the commerce of a rival city? But I may be answered that the Reading Railroad Company followed the example of the Pennsylvania Railroad Company when it leased the Bound Brook Railroad. I believe my friend, Mr. Knight, who is here to-night, would be very glad to get the road back. But, gentlemen, we took that Bound Brook Railroad for the purpose of supplying the local market of New York with the product of Pennsylvania industry; and we took it because the Pennsylvania Railroad would not permit us to go over their Delaware and Raritan Canal, except at a rate which

compelled us to pay about eighty-three or eighty-four cents a ton to get coal from Philadelphia to New York.

Instead of imposing one penny upon the commerce of Pennsylvania, that Delaware and Bound Brook Railroad has opened an avenue to the business of Pennsylvania and found a market for it in the City of New York, and to-day the lease account stands on our books showing that we have not lost one penny over and above the rental paid for the line. For the first seven months of the lease we lost \$48,000 after paying rentals, and I am happy to say that up to this time that loss has been made up in increased profit, and that the lease has not only not cost the Reading Railroad one penny in the whole past, but will be a source of great profit in the future. It has already made enough to pay all its expenses and all its rents, as against a loss to the Pennsylvania Railroad of \$5,900,000, in round numbers, to secure a similar outlet. [*Applause.*]

But there is something more than all this. The City of Philadelphia has lost the affection, it has lost the good wishes of the people of Pennsylvania; they do not come to Philadelphia or know its citizens. If you go into certain portions of Pennsylvania beyond the line of the Reading Railroad, you will find that all local business goes to the City of New York. If you travel upon any of the lines marked in yellow on yonder map which lead from the coal fields of Pennsylvania to New York, you will find that the people who live upon those lines of railroad, and work and toil in those coal fields, those who mine coal and develop the industries of the regions are affiliated to New York and have no affiliations to Philadelphia. They read the New York papers; they believe in New York people; they keep their money on deposit in New York, and go to New York to buy their goods; whereas, if they had been attached by transportation lines to the City of Philadelphia, if the coal lands had been owned in Philadelphia, if their railroads had led to Philadelphia, your own City would have secured the commerce of their coal and gotten the pay that results from selling their products. It would have had the distribution of the money—it would have had the sale of the goods that were

required to feed and clothe the vast population of the entire anthracite region. All this it has lost, and what has been gotten in exchange? Do we get any business here in Philadelphia from Chicago? Does the merchant of Chicago, or the Illinois farmer, who owns or raises the grain and sells it at Chicago, sending it *via* Philadelphia on a through bill of lading to Liverpool, spend anything here? Does Philadelphia secure any of his business? Does it sell him merchandise or ship him goods? Why, gentlemen, when the Chicago merchant imports his goods from Liverpool, or from Marseilles, or from Bremen, they go through the City of Philadelphia consigned in bond on a through bill of lading to Chicago, and our merchants get no more benefit from such traffic than they do from the rushing of the wind as it sweeps over their City.

What, then, is the moral to be drawn from all I have said, and what is the duty of Philadelphia to-day to its State? Gentlemen, that duty is to win back some of this business, and to secure all the great benefits that result from connecting the City of Philadelphia by railroad lines with such portions of the Commonwealth of Pennsylvania that are not yet attached to New York. It is to give up this wild, evanescent, and fleeting chimera of western commerce, and to develop the local industries and the business of your own great State. It is to bring Pennsylvanians around your homes and into your marts to see and to know you, to buy your goods, to keep their accounts with and draw their bills of exchange upon your banks, and to send their commerce to your port.

And with this I end the first branch of my subject to-night. I began with it, as I will end with it, by saying that it is the duty of this great City to foster and encourage the local industries of its own great Commonwealth. [*Applause.*]

How can this be done? I shall endeavor to show how it can be done when I speak upon the second branch of my subject, upon which I now enter, namely: The true position which the City of Philadelphia should occupy to the transportation lines of the State.

I call your attention again to the map, and ask you to look at the red lines of the Reading Railroad which so

thoroughly develop that portion of Eastern Pennsylvania which lies between the Delaware and Susquehanna rivers. I will then ask you to look at those three blank spaces in the Commonwealth, which are as yet practically without development by railroads, and I tell you that the aim and object of the Reading Railroad Company—an aim and object which it had just secured the ability to bring to a successful termination—was, after having attached to the City of Philadelphia forever this great wealth of mineral lands, to develop these remaining portions of the State of Pennsylvania. We had one line projected northwest from Williamsport to reach Port Allegheny and to connect with lines leading to the lake ports. It was located through a region rich in bituminous coal. It would afford direct access to the great Bradford oil region of McKean County. The money to build the line was subscribed, the preliminary contract to furnish it was signed, and it was ready to be paid at the date of my arrival in London last December; but when I got there and found, as I and my friends supposed, that there was some doubt as to whether the future policy of the Reading Railroad Company might not be changed under a management which might find it to its interest to regard the Pennsylvania Railroad with great favor, those who had subscribed this money said to me, “Until the result of this litigation is determined, we will not pay our money to build any railroad which may hereafter be obliged to depend upon the Pennsylvania Railroad Company to secure an eastern outlet for its traffic.” So for the present, at least, the project was arrested.

Then there was projected west through the centre of the State a line (indicated by the dotted line on the map), and those who projected it were willing to build it. At all events, they had agreed to build some seventy miles of it to connect with our system. That would have opened a very rich field of bituminous coal; it would have been of great service to us and to the City of Philadelphia; but for the same cause it is temporarily suspended in order that it might first be discovered who really controlled the Reading Railroad, before capital was expended that might be at the mercy of that great corporation that is supposed

to be pulling the wires that move the puppets who appear before the public for the delectation of the citizens of Philadelphia. [*Applause.*]

Again, if you will look at Harrisburg, you will see the line from Harrisburg to Philadelphia, which is composed of our Lebanon Valley branch and the main line from Reading—one of the best lines in the country, with excellent grades and good alignment, but with no business from any point beyond Harrisburg.

A party of gentlemen in the West were ready to continue that line, so as to lead out through the southern tier of counties that are to-day practically without a railroad; they had agreed to subscribe \$10,000,000 for share capital to build that line, and, when I went abroad, I was authorized, if I could get it at five per cent.—as I could have done—to borrow \$10,000,000 on first mortgage, which could readily have been obtained after a cash subscription of \$10,000,000 of share capital, so that there would have been secured a fund of \$20,000,000 to build a railroad that would have been of more value to the Reading Railroad and to the City of Philadelphia than any equal number of miles of railroad that had ever been constructed in this Commonwealth. But this project had also to be suspended for the reason that capitalists preferred to wait the result of the litigation before spending their money, lest, when it was spent, they should find that, though building a line to connect with that of the Reading Railroad Company, the latter might hereafter be simply another name for one of the departments of the great Pennsylvania Railroad Company.

So all these great enterprises have been nipped in the bud; they are lying in abeyance waiting the progress of events. Whether they shall go on or not will depend very much upon the citizens of Pennsylvania, and especially upon the citizens of Philadelphia. But in addition to all this proposed development of the State, if you will look at the blue lines upon the map—I mean the blue lines of railway, for the water-courses themselves are shaded in blue—all these blue lines of railroads in the west are to-day connected with the system of the Philadelphia and Reading Railroad, except that to the south, the Baltimore and Ohio

Railroad, with which we were very nearly being in connection when the Pennsylvania Railroad Company came in with their money and bought up the intermediate line for the purpose of preventing the union, and now, unfortunately, we shall have to wait until the Baltimore and Ohio Railroad Company constructs its new railroad to Philadelphia. Now all these systems are in connection with that of the Reading. For three or four years it has been understood among a great many financial people in the City of Philadelphia that the Reading Railroad Company could not live but from day to day; indeed, the symptoms of impending dissolution were so certain and so grave that I believe a great many of the leading doctors of finance were in the habit of giving daily opinions that the patient could not survive the night, and would go out with the tide in the morning. So long as the Company was in *articulo mortis*, the Pennsylvania Railroad Company did not care about putting forth any great efforts to get hold of it, but waited, as a wise general whose besieging army is living upon the fat of the land waits, until the process of the starvation of the besieged garrison is completed. What they supposed to be an actual dissolution occurred on the 21st of last May, when the Company suspended payment; but finding that I was so ignorant a financier, so stupid a railroad manager, and so incompetent a general as not to know when I was beaten, and that after all I was likely to give them as much trouble as a corpse as I had done in the full vigor of life [*laughter*], I think they made up their minds that they would wait no longer for the slow process of obstructive warfare, but would attempt to get the control of the Reading Railroad by a *coup de main*.

And this is the danger that confronts the City of Philadelphia to-day. The danger is, that the system of railroads, of which I have been so long at the head, and of which, notwithstanding the loss of my ornamental title as President, I have a good deal to do with yet [*great applause*], will be captured by the Pennsylvania Railroad Company. I have come here to-night to tell you of this danger, and I cannot but think that it is about as much your business to prevent it as it is mine. [*Applause.*]

Now, why do I say that this danger exists? I say it because I believe it. I believe it because the circumstantial evidence of the fact, after a fair and impartial examination, is so strong that if equally strong testimony was offered against a prisoner on trial for murder, it would convict him and send him to the gallows. I believe it because it is to the Pennsylvania Railroad Company alone that I owe so many of the difficulties I have had to contend with. When I was struggling under the burden of a load of debt, there was hardly a financial institution in this town, with two or three exceptions, that did not have some director or some stockholder that was an emissary or an advocate of the Pennsylvania Railroad Company, to caution it against lending us money or giving us credit.

At the very lowest period of our depression, when I had to go to New York to get that which I could not get in Philadelphia, a Vice-President of the Pennsylvania Railroad went over to New York, and at a well-known club, among well-known financial men, announced that whenever the stock of the Reading Railroad reached \$19 per share, he sold a thousand shares short, for it was not worth the money. That was a very good way of helping me in the City of New York to get money upon the securities of the Reading Railroad Company. [*Laughter.*] I believe it, because when counsel were selected to take charge of the litigation against us, the counsel were those who had been affiliated to the Pennsylvania Railroad Company. I believe it, because the firm of Kidder, Peabody & Co., of Boston and New York, who represent McCalmont Brothers & Company, or rather their senior partner, acted as one of the Committee of Five—the chairman, I think—to negotiate the sale of the Philadelphia, Wilmington, and Baltimore Railroad, to sell it to the best bidder and at the highest price. He was expected to do that which was the best for his clients, and in the circular which he issued inviting those clients to repose confidence in him, and to send him their shares, he stated that the railroad was of vast value to the Reading Railroad Company as well as to the Pennsylvania Railroad Company, and that the rivalry and the struggle to get it would make it command a high price.

He knew all this therefore, for he published it over his own signature; he knew that we relied upon the Philadelphia, Wilmington, and Baltimore Railroad to obtain traffic from the Baltimore and Ohio Railroad; he said so; and after he had gotten all these shares into his possession, and that of his committee; after he was empowered to negotiate this sale and perfect and close the contract, he not only never came near the Reading Railroad Company, nor offered what he had to sell to a single man connected with its management, but without saying one word to us he sold it to our enemy, the Pennsylvania Railroad Company, and I infer from this act that his interests are not those of the Reading Railroad Company, but are identical with those of the Pennsylvania Railroad Company. [*Applause.*]

I believe it from other circumstantial evidence, among which is this: that the Pennsylvania Railroad Company proposed to construct a rival road to Germantown and Chestnut Hill, which they had a perfect right to do, and it would have been a very good thing for the property holders along its proposed line if it had been constructed. They located the line; they bought property a year or two ago, and everybody was on the *qui vive* for the construction of the railway. Suddenly it was stopped. Why? I am informed that one gentleman, who is not, it is true, a very high official of the Pennsylvania Railroad Company, but one who knows a great deal about what he is speaking of, said that the construction of the road was quite unnecessary, for after the change in the management of the Reading Railroad, his company would get as much of the Germantown and Chestnut Hill passenger traffic to New York as it wanted.

Another sign is, that I am told, upon the most undoubted authority, that the Local Superintendent of the Delaware and Raritan Canal, in New Jersey, that has not been getting as much of the coal trade as it used to get from us, simply because we are sending such traffic over the Bound Brook Railroad, said in very expressive language that the Bound Brook Railroad had dried up the Delaware and Raritan Canal, but it would all be right before long, for after the new management got into power

in the Reading Railroad Company, the canal would get the coal trade back again.

I believe it from some other signs. I believe it in consequence of the attitude of some of our good friends, the newspapers. I do not desire to speak against the newspapers, although I am not afraid to do so. [*Great applause.*] There are two or three (and one especially) that have been very kind to me, and there is one—I do not like to mention names—that early in the campaign very vigorously opposed me, but has ended by being quite civil and impartial, and I cannot but think well of it, for you know that “there is joy in the presence of the angels of God over one sinner that repenteth.” [*Applause.*]

But I have a recipe which is an infallible one for discovering what the Pennsylvania Railroad Company desires to accomplish in this community, and that is to read three or four newspapers in this City, and if any one following this recipe does not discover the truth, it is not for want of information given by the newspapers, but by reason of a lack of intelligence in the reader. [*Laughter.*] Whenever you see three or four newspapers in this City attacking any particular person or project, you may depend upon it that the Pennsylvania Railroad Company is violating its charter and acting as editor instead of common carrier.

Let us be candid and frank about this. Here we are, citizens of a great metropolis, certainly as well educated, certainly as refined, certainly as intellectual as the citizens of any other city in this country; but, though located in the midst of such an intelligent community, the papers of Philadelphia, with a few honorable exceptions, are so wedded to the Pennsylvania Railroad Company that they have neither eyes, nor ears, nor pen, nor tongue for anything but the Pennsylvania Railroad Company.

I picked up some of the papers a short time since, the day after an accident on the Pennsylvania Railroad. As “accidents will happen in the best regulated families,” so accidents will happen upon the best managed railroads. There was an accident in New Jersey the other day to a passenger train of the Pennsylvania Railroad, and I happened to read the papers the next day, with one or two

exceptions. I read those papers with a great deal of interest, for, with one exception, I believe every one gave as the only reason for the accident, the good management of the Pennsylvania Railroad, and seemed to assure its readers that if it had not been for such good management the accident could not have occurred. [*Laughter.*] As to the other paper which was the exception, I wrestled a long time with its article. I think it would have taken Archbishop Whately himself to get at the meaning of it: but, from my little recollection of the rules of logic, I was enabled to reach the conclusion that the object of the newspaper article was to show that the Pennsylvania Railroad had purposely killed a few passengers so that they might have a small number of killed to compare with the greater number carried safely, in order to show, according to the doctrine of chances, how safe a thing it was to travel on the lines of the Pennsylvania Railroad Company. [*Laughter and applause.*]

And now, when I am speaking about the newspapers, I must make my acknowledgments to my friends of the *Ledger*. Although the *Ledger* has been very severe upon me since I went to Europe, everybody knows that the *Ledger* is not susceptible to the slightest corrupting influence; everybody admits that, and we all know further, that my friend Mr. Childs does so much good with the money he gets honestly and fairly, that we wish, much as he has, that he had a great deal more of it. Many people have supposed that the *Ledger* was opposed to me, and gave circulation to all these ugly articles of the lawyers when I was away, because Drexel & Co. owned two-thirds of the paper, but I am satisfied that such was not the reason, and I think the *Ledger* in that respect is impartial enough sometimes to publish articles that even Drexel & Co. do not like.

Now I will tell you the reason why the *Ledger* does not like me. The *Ledger* is managed upon certain well-recognized principles of journalism, one of which is always to be upon the winning side. [*Laughter.*] Another is, to advocate a man in proportion to the rank he occupies in society. [*Laughter.*] When the *Ledger* found that McCalmonts intended to vote against me, it

assumed that it was all up with me, and giving me its parting benediction, it prepared itself to welcome my successor.

It also unfortunately happened, that at the head of a committee in England, which was supposed to be adverse to me, there was a very distinguished man who held the title of an Earl, and the *Ledger* could not resist that. [*Great laughter.*] Indeed, when I was in London, and heard of the attitude of the *Ledger*, I had some thoughts of requesting a gentleman who wore the coronet of a Marquis to act as the Chairman of my Committee, because as the title of Marquis is higher than that of Earl, I knew I should thus capture the *Ledger*. [*Great laughter.*] But suddenly recollecting what I had lost sight of before, that my friends of the *Ledger* were on very intimate terms with a Duke, whose rank is more exalted than that of a Marquis [*laughter*], I determined if I formed a Committee, to endeavor to procure the services of a gentleman who held the title of Prince; for I knew I would thus secure the *Ledger* beyond peradventure, because as the etiquette of his position would not permit a reigning monarch to accept the chairmanship of a railroad committee; if a Prince was at the head of mine, the enemy could not do better. [*Great laughter.*]

I do not desire to say a word against the *Ledger*. [*Laughter.*] I would not do so for the world, even if I wanted to, because just so surely as I stand here to-night I am going to win in this fight, and when I do win the *Ledger* will be on my side. [*Great laughter and applause.*] And I do not propose to close the door in advance to prevent its getting back early. It will be all right if we only give it time.

There are, however, some unchristianlike and ill-natured people who have suggested to me there was another cause for the opposition of the *Ledger*. You know that the *Ledger* has a fondness for obituary poetry, and it has, I am told, the biography of almost every man of prominence ready to put in its columns the moment he dies, and it may well be supposed that the authors of these sketches feel something akin to indignation if the subject refuses to die at the proper time. I do not know that they attempt

to accelerate his departure in order to give publicity to their effusions—but human nature is weak. Of course they only knew or expected to write about me in my official capacity, but I am told they thought my expected official death would afford an excellent opportunity to publish an obituary notice that would immediately take rank at the head of all contemporaneous funereal literature, and I learn that poetry was not wanting to grace the article, but that the following verse was ready to conclude the solemn record of departed worth :

“Affliction sore long time he bore,
Deferred bonds were in vain;
He got two adverse Court decrees,
And that put him out of his pain.”
[*Great laughter.*]

And then, I am told, there was added, like a post-script,

“Gone, but not forgotten.” [Laughter.]

And now, gentlemen, I have given a great number of the reasons why I believe the Pennsylvania Railroad Company is taking part against us, but there is one other which I must touch lightly, but of which I do intend to speak plainly, and that is the recent decision of the Supreme Court of Pennsylvania. I think that decision is another instance of the Pennsylvania Railroad Company's opposition.

There is no one who should be more condemned than he who criticises the motives of a Court because it has decided against him; but the correctness of a legal decision is always a fit subject for discussion, and there are times when the motives of Judges may be fairly criticised. We all know that one great difference between the two professions—that of the doctor and that of the lawyer—is this: that when the doctor makes a mistake, it is buried out of sight very quickly; but when the lawyer makes a mistake, especially if that lawyer be a Judge, he makes it in writing an opinion, which becomes the property of the profession, subject at all times to the decent and respectful criticism of the Bar.

The Supreme Court, by a majority of four to three, in the late election case of the Reading Railroad Company,

decided—what? They decided that a by-law of the shareholders which transferred the corporate powers of the Company to the Board of Managers, also transferred to such Board of Managers the rights with reference to calling meetings for an election of officers, which, by the charter, were vested in and restricted to the shareholders, and they held that a meeting called by the Board of Managers, under one section of the charter, was to be treated as a meeting called by the shareholders under another section, thereby disfranchising the large majority of the shareholders, who treated the meeting, as its call indicated it to be, as one convened by the managers, and thus the Court gave the control of the organization of the Company to a minority against the protest of a majority of the shareholders. Was this law?

If all the Judges had said it was law, I would not have opened my mouth about it; but I will tell you one thing, that when jurists of the eminence of Judge Sharswood [*applause*], and Judge Trunkey [*applause*], and Judge Sterrett [*applause*] say that it is not the law, then it is no contempt of Court for me here, or elsewhere, to say that Judge Sharswood, and Judge Trunkey, and Judge Sterrett were right, and that the majority of the Court decided that to be law which was not law. There is but one power in this State that can control the utterances of the Court, and “wrest the law to its authority.” and you all know well enough who that power is, and therefore from this cause, also, I believe that the Pennsylvania Railroad Company is at the bottom of all the opposition to the Reading Railroad Company.

What, then, is the danger to you as citizens of Philadelphia? Gentlemen, look at yonder smaller map to the right. The shaded portion of that map represents the built-up portion of the City of Philadelphia. The lines in red, all of them to the north, with one exception, are the lines of the Reading Railroad. The lines in black are those of the Pennsylvania Railroad. With the exception of the lines of these two companies, there is no other railroad entrance into the City of Philadelphia, and none other could be secured except at great and enormous expense—the expense of buying property and tearing down houses

to open a path for a roadway and secure ground for stations. So long as these two lines exist as independent lines, just so long can the citizens of Philadelphia select either of two rival routes, and send their traffic over whichever one will take it on the best terms. If one company will not take it the other will. The system of the Reading Railroad is connected directly with all the lines in blue upon the large map, except the line of the Baltimore and Ohio Railroad, and I am happy to say that within a year or fifteen months it will be connected directly with the lines of the Baltimore and Ohio Railroad Company. [*Applause.*]

The City of Baltimore has three independent lines of railroad, and the City of New York has eight. What will become of the City of Philadelphia if it is to have but one? That is the question I ask you to-night. What will become of the City of Philadelphia if it has but one line of railroad? If no person who leaves this City or comes into it, unless he goes or comes in an omnibus, or a boat, or on a bicycle, or a wheelbarrow, can travel except with the consent of one corporation, where will your City be left in the race of competition? It is for you, gentlemen, who are here to-night, to prevent this catastrophe. It is for you to do what you can by the expression of public sentiment, and otherwise, to prevent the control of a great corporation that I now have the management of, from falling under the protecting ægis of the Pennsylvania Railroad Company.

Let me tell you something which I learned only on Tuesday of this week. You know that the Wabash system of railroads is making an arrangement to secure eastern outlets. It has made some contracts with the Delaware, Lackawanna, and Western, and it recently made a contract with the Central Railroad of New Jersey, by which, if the Pennsylvania Railroad Company would permit, the traffic of the Wabash line can be thrown upon the low grade line of the Pennsylvania Railroad Company, and thence over the Philadelphia and Erie Railroad, belonging to the Pennsylvania Railroad Company as far as Milton, from which point it would take the line of the Reading Railroad (the Catawissa Branch) to Tamenend, and thence

go to New York by the Central Railroad of New Jersey. That arrangement was agreed to by the Pennsylvania Railroad Company, I am told, and after it had been agreed to by the Wabash and by the Central of New Jersey, the latter company applied to us to know whether we would take the business over the Catawissa Railroad. I met some of the parties in New York on Tuesday of this week. After hearing what they had to say, I said, "certainly; we shall be very glad to take the traffic; we will take it and pro rate with you; and the more you give us the better we will like it; but now I want to ask something else: If we do this, we also want business to Philadelphia; we want the traffic for Philadelphia from the Wabash line, over the Low Grade line and the Philadelphia and Erie to Milton, and from thence by our own line to Philadelphia." But they said "No; we tried to get that for you, but the Pennsylvania Railroad Company utterly refused to permit the joint line to be used for bringing any business into Philadelphia."

Now, gentlemen, why was this refused? The Pennsylvania Railroad Company has a line to New York as well as one to Philadelphia. All the business they throw over the Central New Jersey is carried in rivalry and opposition to their New York line. Why do they permit competing business to go over a portion of their system, and then to be thrown upon a rival line to New York, and do not permit it to go over exactly the same portion of their system, and then to be thrown upon a rival line to the City of Philadelphia? It is simply because there are so many lines leading to the City of New York that they could not prevent the business going there if they wanted to do so; and if they closed their line to the traffic, the business would go over some other; but there is but one line into the City of Philadelphia beside their own, and if they can prevent traffic reaching the line of the Reading Railroad, they can effectually prevent its getting into Philadelphia at all, except by their own lines. Therefore, they discriminate against Philadelphia. They do not permit this traffic to become competitive to Philadelphia; they treat it as competitive to New York, your rival city, but it is their own local business for Philadelphia, and they

will not permit any portion of their line to be used to make a competitive route for the traffic of Philadelphia. What, then, is the remedy for this? The remedy is to secure the control of the Reading Railroad, and to extend its system so that Philadelphia shall have competing railroads as well as other cities. To-day I have the control of the shares of the Reading Railroad Company. I hold proxies of more than a majority of all the shares of the Company [*applause*]; but among those proxies there are some 90,000 from those whose shares are not yet registered in their own names, and including those 90,000, there are probably a hundred to a hundred and fifty thousand shares that are held by people who would always sell at a fair price, who have not been long interested in the Company, and who may have no particular desire to hold on to their shares, simply for the purpose of benefiting Philadelphia, and the danger is that the Pennsylvania Railroad Company, or people in its interest, will buy these shares of the Reading Railroad Company. If they do buy enough shares to make up a majority, when added to the holding of McCalmont Brothers & Co., they will effectually own the Company; but if they do it, I propose to make them pay such a price for them that they cannot well afford to wreck the Company afterwards; and in that respect, and to that extent, my duty to the shareholders will have been fulfilled, although I cannot protect and defend the public whose interests I may be said to have somewhat in my charge also. [*Applause.*]

Often and often, during the struggles through which I have been passing in the last few years, I have thought that if the necessity ever came, if I was ever so driven to the wall that I could not see my way out of financial difficulty in any other manner, I could go before the people of this State and make a public appeal to them to save this great property from destruction. I believe that its value to this State, and especially to this City, is so great that I could have made that appeal with the sublimest confidence that it would be successful.

I believe, if I had been driven to the wall, that I could have gone upon the line of the road itself, to every manu-

facturer and business man upon that line, that I could have gone to its 26,000 employees, and gotten every man of them to subscribe some little of his hard earnings to protect this property from ruin or disintegration. [*Great applause.*]

Fortunately there is no longer any loss from disintegration to be apprehended; there is no longer loss from financial failure to be apprehended. Thank God, the shareholders and bondholders of this Company need not lose anything, and will not lose anything if they hold on to their property. But, not having gone before the public to save the property from destruction; not having gone out among those I have named to save it from disintegration; I do come before an intelligent audience of this great commercial and manufacturing City of Philadelphia to ask that they shall do something to preserve its independence, and I say that if there are but fifty men in this audience to-night, each one of whom will buy one thousand shares of Reading Railroad stock, register it before October in their own names, and hold it over the election so as to vote for the old management, it will be an utter impossibility for the enemy to succeed. [*Great applause.*]

I could easily make up what is called a syndicate to do this, but I do not propose to go quietly to work and buy shares for the sake of sustaining myself in any position. Neither am I speaking for myself. I repeat here to-night, what I have said in public over and over again, that the very moment the Company is restored to good financial credit and commercial prosperity, I intend to sever my connection with it as President. I am therefore making no appeal for myself. I am making an appeal to the wealthy, intelligent people of this City to protect the independence of the Reading Railroad, to protect and preserve it as a highway of commerce forever for this great City and its inhabitants. [*Applause.*]

Gentlemen, I assure you that if I am to be believed, with reference to any financial opinion, this purchase would be an entirely safe one. I assure you that if it had not been for the adverse decrees of the Courts, the Company to-day would be upon the high road to pros-

perity, its debts paid, the receivership ended, and its shareholders looking confidently to dividends. [*Great applause.*]

The recent adverse decision of Judge McKennan and Judge Butler did not of itself amount to anything to retard the onward course of its prosperity, for all that was necessary to meet the objections of that decision was to pass a resolution that the bonds which those Judges decided to be illegal, if made perpetual, should be payable at the end of one or two hundred years. That could have been done the next day, or the next week. But, unfortunately, at that time there was a doubt as to who had the right to exercise the office of President, and who had the right to exercise the offices of managers, and until that question was solved no one could act; for the public would not accept with confidence the acts of any board whose title to office was impeached by judicial proceedings.

When the decision of the Supreme Court upon this question was made, it determined that Mr. Bond was President, and that his new Board of Managers were the lawful managers of the Company. If that President and that Board of Managers will to-morrow pass a resolution making the deferred bonds payable in one or two hundred years, they can secure at once \$10,290,000 in money to pay off the whole floating debt of the Company. If they will make the mortgage of \$150,000,000 that I had proposed to issue, payable at the end of one hundred years, instead of being perpetual, and thereby meet the legal objections of the Court, I will hand over to them within sixty days of its execution \$40,000,000 in money for the first \$40,000,000 of the five per cent. bonds secured by the mortgage, which they would have a right to sell, and they can then pay off the indebtedness of the Company, pay off its general mortgage debt, pay every subsequent indebtedness that is matured or about maturing, pay its receiver certificates, and its arrears of interest, and have \$6,000,000 in cash in the treasury. Then the receivership will be ended. If they do that (and it can be done within a week), I will give them my solemn obligation, in writing, instantly to resign all connection with the Com-

pany, and I will never be a candidate for the office of President again. [*Laughter and applause.*]

If they do not do this, however, if they refuse to do anything to extricate it from trouble, I give them this public notice that I have given them in private, that I will be a candidate again [*applause*]; but, if I am elected President, I will only remain in office long enough to carry out the financial plans for its relief, and to place the Company in good position. [*Applause.*]

When I say that I will not be a candidate for President at the next election if the Company in the meantime is restored to financial credit and prosperity, I do not mean to say that I shall not have a great deal to say about who shall be my successor. [*Laughter.*] I only desire to mention this so I will not be misunderstood; and I am pretty sure that my successor will be somebody who knows a great deal about the Company, who has been with it a long time, who knows all about its business, and who, while watching very carefully over its interests, will keep one eye constantly directed across Willing's alley, the narrow boundary that separates us from the office of the Pennsylvania Railroad Company. [*Laughter.*]

That the purchase I propose to you is a safe one is proved from the condition of the Reading Railroad Company to-day. The Company, with its coal and iron company, last year earned of net profits \$8,861,000. Up to the first of May of this year it had increased that amount \$200,000, which is equal to a yearly profit of over \$9,000,000. The net earnings in the month of May will be at least \$250,000 in excess of those of May of last year. I believe the net earnings of the months of June, July, and August will be \$1,500,000 over those of the same months of last year; and I think after the first of September, during the remaining three months, we can hold our own. If we can do this we shall make \$10,700,000 this year. If I had had my own way after selling the deferred bonds, and could have issued the five per cent. consols, the fixed charges of the Company thereafter would only have been \$7,500,000 per annum; and, at the rate of this year's earnings alone, there would have

been a clear profit, over and above all fixed charges, of \$3,000,000, to be divided among the shareholders and the deferred bondholders.

There is no risk in holding this property. It has been kept down unjustly. It does not deserve to be kept down any longer. All that is wanted to save it is that the people of Philadelphia should take hold of it. I would rather see that done; I would rather see it owned here; I would rather see it held in the State; I would rather have the victory and the triumph that would result from the people coming forward to protect this great industry than to succeed by any secret efforts resulting from the use of the most abundant means that could be placed at my disposal by my personal friends. [*Great applause.*]

I fear I have already occupied too much of your time, but I have yet to speak of the third branch of my subject, and that is: The position which the City of Philadelphia should occupy to the great railway problem of the day. When I speak of this I speak of a question far above and beyond all mere questions of local rivalry or supremacy; a question above and beyond the conflicting claims of rival lines of transportation; a question that affects the stability of the government of this country; and the prosperity, the wealth, the honor, and the integrity of the whole people of the United States.

We cannot close our eyes to the fact that there is to-day all over this country an uneasy feeling of dread and apprehension in the minds of the people. There are many at work exciting enmity against railroads and enmity against property. There is what is called an anti-monopoly movement going on; an organized effort which is gathering strength as it advances, and drawing within its folds all those who believe that the railway companies of the country have been guilty of great wrong. The danger resulting from the growth of this feeling, and from the agitation of the subject, is, that in the blind fury which characterizes any such movement, those who control it will declare that the possession of property is in itself to be considered and punished as a crime, and the people, in

a rage incited by undoubted wrong, will not separate the ownership of property by one person from the crime of its unjust acquisition by another.

Now, I propose to consider this question calmly, quietly, but earnestly. I shall not hesitate to speak my mind and to use plain language if it be necessary to do so. I shall call a spade a spade, and I shall not cloak the meaning of my direct sentences by any delicate euphuism, so that they may not fall harshly upon the ears of those who are affected by my adverse criticisms, no matter who they may be, or what may be their positions. [*Great applause.*]

Before entering upon the subject, however, for my own protection, and to defend myself against the charge that recent animosities and recent injuries have led me to speak plainly and to denounce unhesitatingly as wrongs and outrages, actions which, but for those animosities and injuries, I might have passed by in silence. I ask your permission to read to you a few short extracts from utterances of mine in the year 1873, in the Constitutional Convention of this State. I do it simply to relieve me from the charge of being filled with animosity against any particular interest or any particular persons. I do it to show that what I consider evils now I considered evils then. I do it to show that what I point you to to-day as something that requires your earnest attention, I pointed out eight years ago to the attention of a reform convention, composed of some of the best men of this Commonwealth.

On the 17th of April, 1873, in speaking of measures looking to railway reform in the Constitution of the State, I said:

"There are eight or nine things that I admit should be done by this Convention. In the first place, I admit that there should be a free railroad law, by which any persons can build a railroad wherever they please, provided that they do not put it right upon the track of another road; that the whole Commonwealth shall be open to every man who has money to build a railroad. I believe that there should be some constitutional protection for the interchange of traffic between one railroad and another. I believe that there should be some constitutional protection

for the local trade of a community that resides upon the line of a railroad. I believe—and this is of vast importance, and it is something which I think is entirely overlooked in its most essential features by the report—that there should be some protection to the minority stockholders of a corporation, whereby one large corporation, by getting hold of the control of the majority of the stock, could not injure the minority. I believe that there should be a constitutional prohibition against the officers of any railway company engaging in business along the line of its road. I believe that there should be a total abolition of the free pass system. I believe that there should be a prohibition of any interference or control, or attempt of interference or control, by a railroad company or its officers, with the legislative, judicial, or any other branch of the Government, and swift punishment to the guilty agent and to the corporation that employs him for any such interference.” [*Applause.*]

On the 23d of April, 1873, in criticising some suggestions by members of the Convention, which I thought were not intended to secure the punishment of the really guilty, I said :

“Again, if we are to punish the guilty, let us pick out the guilty agents and punish them. The gentleman from Armstrong County (Mr. Gilpin), who spoke the other day, very pointedly called the attention of this Convention to what, I think, they are about to do, and that is this : The stockholders of the corporations in this State have been, over and over, punished by the very acts of the guilty officers, which have called upon the devoted heads of corporations the ire of this Convention ; and instead of punishing those guilty authors you propose again to punish the stockholders. Now, I take it, Mr. Chairman, that if every railroad company in this State, for the last thirty years, had confined itself legitimately to the business that it was organized to carry on ; if no one of them had ever been guilty of any discrimination ; if no private enterprise had been stricken down to help the personal interests of the officers of a company, or those who were in a ring, there would be no feeling of animosity against corporations whatever, and this Convention might

have been held without the word 'railroad' being mentioned in it once. If, therefore, the cause of this animosity—the well-founded complaint—has been: that unjust discrimination has been used, that personal rings and personal cliques have benefited at the expense of the community, let us direct our thunders against the guilty agents and punish them; but do not let them go scot-free, and punish the poor stockholders, who already have suffered sufficiently from the very injury that we are called upon to redress." [*Applause.*]

On the 18th of March, 1873, in advocating the passage of an amendment to the Constitution that was opposed by many advocates of railroad interests, I said:

"But if I came into this Convention as the representative of any incorporated interest in this Commonwealth, I should urge the adoption of this proposition on behalf of that interest, and for this reason: That nothing can so directly and surely bring those interests into jeopardy, and into contempt, and into danger, as to array against them the hatred and ill-will of the community from which they derive their powers. The very moment you draw the distinction, the moment the property of the corporation is more sacred than the property of the individual, that moment you create a feeling in the minds of the individuals against the exercise of corporate power, a feeling which does not belong to it, and which ought not to be there, and which cannot be justified upon any other ground than that you are giving to these corporations powers which you deny to an individual. And I take it that the corporate powers of this State will never be in any such great jeopardy, the property they represent will never be in any such great danger, and the interests that their officers are called upon to protect will never be so likely to be taken away from them as when you raise a whirlwind of storm and indignation in the minds of the people throughout the State, which no man can put down, and which no man can stand up against, and which, when it is once raised, will crumble into dust corporation after corporation, like all mob power does, without any regard to which was the offender, to which was in the right, or which was in the wrong. I take it that every man upon this

floor, who has the real interests of corporations at his heart, who has property invested in corporations, who may own stocks in them, will be in favor of withholding from the statute books of the State every law and every statute which gives to them an advantage which is not given to an individual." [*Applause.*]

All that I have read to you was spoken by me eight years ago; and standing here to-day with the experience of those eight years, having read a great deal and having thought a great deal upon the subject, I collect under three heads the three great evils of corporation management from which, at some time in the not distant future, the guilty agents will be held to a strict accountability by the public. These three evils are:

FIRST. The unjust acquisition of wealth by railway officials.

SECOND. The unjust discrimination in rates in favor of particular individuals, companies, or firms. And,

THIRD. The corrupt control of political power by corporations or their officers.

Upon these subjects I shall speak very plainly. I shall attack no man, and mention no names. I shall speak rather of systems and the acts of corporations than of individuals. I shall endeavor to speak as a philosopher speaking to intelligent, reasonable, earnest men, caring little whom I offend; and I shall not be deterred from the expression of my opinions by regard for the feelings of any one. I have been told that I am prone to attack people. I have been cautioned by cautious friends against a repetition of some recent public utterances of mine upon this stage. I have been told that even if some people do wrong they are very powerful and they may be very revengeful. I have been told that I have a great property under my control, and it is not wise to give vent to any harsh criticism against those who may have it in their power to do that property or myself an injury. But I know too well that the property of the Reading Railroad

Company, and of all corporations in this country, is in greater jeopardy and in greater danger from the blind wrath of an aroused people, that when excited will not discriminate between the just and the unjust, than it is from any other cause. I shall attack no one except for what I believe to be wrong, and as for him who does wrong, I would rather be defeated by his enmity than succeed through his friendship, and if he pours out the vials of his wrath upon me for what I have said, or for what I may say, I can only repeat the language of the Psalmist :

“Or ever your pots be made hot with thorns, so let indignation vex him, even as a thing that is raw.”

And now, *First*: “As to the unjust acquisition of wealth by railroad officials.” It is no crime to be rich; it is often commendable to be so. The danger is that the thoughtless agitation of this question is leading thoughtless people to consider that it is a crime to be rich, and unless the subject is openly and candidly discussed, when the crusade does commence it may be a crusade against property and not a crusade against wrong. I am anxious that it shall be a crusade against wrong, and I am anxious that it shall not be a crusade against property; and it is to prevent this to the extent of my humble power that I speak upon the subject to-night.

There are men in this country at the head of great railroad corporations who have enormous wealth, that was honestly acquired and is honorably administered. Why this is a country in which every man has a right to get rich; every man has a right to make money. I do not think that the acquisition of riches is the most noble pursuit of life. I think the fame that is obtained from superiority in intellectual attainments is a much higher prize for the young man to fix his eyes upon in starting in the race of life than the accumulation of great wealth. [*Applause.*] But if a man desires to be rich, if God has given him ability beyond that of his fellow-men, and he devotes that ability to the acquisition of wealth, he will succeed; for brains will tell in every pursuit of life, and

the able man will make a fortune, while the man who is not able must suffer in the race. All men are not alike.

“The pathway to the grave may be the same,
And the proud man shall tread it, and the low,
With his bowed head, shall bear him company.
Decay will make no difference, and death,
With his cold hand, will make no difference,
And there will be no precedence of power
In waking at the coming trump of God.
But in the temper of the invisible mind,
The god-like and undying intellect,
There are distinctions that will live in Heaven
When time is a forgotten circumstance.”

I repeat, then, that if a man devotes these God-given energies to the acquisition of wealth, and is successful, he is to be held up to commendation and is not to be visited with wrath. I am glad to say that there are men to-day at the head of great railroad enterprises in the United States, who have enormous wealth that was honestly acquired, and is honestly and bountifully distributed. But, gentlemen, if in this game for wealth a man plays against his competitor with loaded dice, if a man at the head of a corporation fills his private purse out of every large transaction of his company, if he corruptly controls legislators and sways the opinions of Courts, if he makes a league with all that is bad and all that is infamous in the political organization of the community in which he lives, and thus brings under his control the property of every citizen and of every corporation, such a man does incalculable injury to society, and his example and his wealth do more harm than could be done by an army, with banners, marching through the Commonwealth in an onward course of devastation and of plunder. It is of gain so acquired that I propose to speak to-night. It is of such unjust acquisition of wealth to which the attention of the people of this country should be directed; and well will it be for all of us if we can succeed in so directing the attention of the people that they will discriminate between that which is to be punished and that which should be commended.

Contrast in these respects the Pennsylvania Railroad Company with the Reading Railroad Company. I can

speak of the Reading Railroad Company with sincerity and apart from egotism, for I can speak of others, and not of myself. I have been connected with it for twelve years. There is under me an army of 26,000 men. There are men, officers upon my staff, at the heads of departments, and toiling in the ranks, some of whom have been with the company forty, forty-five, thirty-five, thirty, and twenty-five years. Did you ever hear it even whispered that any one of these men had feathered his own nest at the expense of his company? [*Applause.*] Did you ever hear that a whirlwind of indignation was rising throughout the State on account of anybody connected with the Reading Railroad making use of his position for his self-aggrandizement? Never! I do not believe that in all this staff of officers, in all this army of men, you can point to a single one who has to-day in his pocket or under his control one dollar or one penny that he unjustly earned from the company with which he is connected. [*Applause.*]

How is it with our great friends across Willing's alley? Why even to be within the vestibule, as it were, of those favored precincts is to be rich. I heard some years ago that an old gentleman from the centre of the State, in walking through Willing's alley, stopped in front of the windows of the room of one of the officials of the Pennsylvania Railroad Company, and was engaged in the pensive contemplation of the gentleman who sat at the desk. As he was there wrapped in such contemplation, a friend of his accosted him, saying, "What are you doing here?" "Well," he replied, "I am looking at one of the most remarkable men, one of the greatest men in this country or in the world." "Why," said his friend, "whom do you mean?" "Well," he replied, "there is a young man who in five years, out of a salary of \$5,000 dollars per annum, has saved \$500,000, and he has not lived very economically either." [*Laughter and applause.*]

Gentlemen, it is this that is bringing the profession of a railroad man into contempt. If I intended to remain in that profession, I should try to strike one blow for its honor, and to separate myself from that class whose actions are likely to bring down upon the entire profession the just indignation of an outraged people.

It is such actions I have been condemning ; it is this kind of acquisition of wealth ; it is the fact that millions upon millions of dollars have been taken away from the treasuries of companies, and scattered among a few favored officials, which is arresting the earnest attention of the people of the United States.

If a man wants to grow rich as an officer of a railroad company, let him buy its shares. I admit that the chief officials connected with a railroad should be well paid ; that they should be so paid that their best services may be secured ; but apart from their salaries, and the dividends upon their stock, they should get nothing from the Company, and every dollar above their salary and their dividends that they can make by virtue of their position ; that is, every dollar they can make because they are railway officers, and which they could not have made if they were not—every dollar made by taking advantage of a secret negotiation for the benefit of their company, should go into the treasury of the company, and not into the pockets of its officers. [*Applause.*] If they want to get all of such money for themselves, the only honest way to get it is to own all the shares of the company, and to take it in the form of dividends. [*Applause.*]

There are men in this country who own nearly half, and have owned more, of all the shares of gigantic corporations of which they are officers. His proper share of every penny that such a man makes and turns into the treasury of his company, comes back to him by virtue of his capacity as a shareholder, and he can receive it with clean hands and a pure heart. If those who have grown rich on the Pennsylvania Railroad Company had bought all its shares twenty or thirty years ago, when a very few millions of dollars would have bought them all, and then given the same great capacity, the same great ability, and the same untiring energy, to the acquisition of wealth for their company that they have for themselves, they would to-day be just as rich as they are now ; but they would have received their wealth as dividends upon their shares, without inflicting an injury upon other shareholders, and they would be entitled to expose it with pride before the whole community as the honest fruits of an upright life.

What, then, is the remedy for the evil? The remedy is only partially with the public. It is principally with the shareholders of the companies, who can readily apply it at annual elections; but honest, fearless, and open public condemnation can do a great deal. The agitation of the question at meetings such as these cannot fail to have some good effect; and as I now scatter the seeds of true reform, I do it with great confidence that, though some may fall upon the wayside, and some upon the rocks, and, though some, starting into life, may be choked by the thorns, there will still be others to fall upon good ground and to bring forth fruit, some an hundredfold, some sixty-fold, and some thirty-fold.

Now as to the second evil: The unjust discrimination in rates. What is an unjust discrimination in rates? A discrimination in rates that affects places may not be unjust. If one company, to reach a competitive point, has to go by two sides of a triangle to meet the opposition of a competing line which transports only over the third side, the company that runs around the two sides has a right to carry freight to that competing point at the same rate as the company owning the short line, although the rate per ton per mile for such traffic may be much less than is charged for local business between the termini. If they do not do so they cannot get the business. It is better for them to get the business, even at a small profit, than not to get it at all; and, therefore, it does not follow that because a railway company carries to one point at a lower rate per ton per mile than it carries to another, that there is any unjust discrimination in the rates. But when a company carries to the same place the same business for one man at a lower rate than it carries it for another; when one man has a rate which enables him to do business and defy competition, and when another man has a rate upon the same traffic under which he is utterly unable to do business at all, then the company giving such favored rate is guilty of outrageously unjust discrimination. Take the case of the Pennsylvania Railroad Company. Until quite recently (I am told there is a change, but I have had no evidence of it yet) you could not sell coal upon the line of the Pennsylvania Railroad to any one except to four parties.

Look at the coal property of the Reading Railroad. What value it would have been to the lines of the Pennsylvania Railroad as a source from which to draw traffic. We have nearly one hundred thousand acres of coal land! The largest mining company in the world; whose estates produce three times as much as the largest output of any coal owner in Great Britain. Our lands are located just upon the lines of the Pennsylvania Railroad Company, near the Susquehanna River. We could have given it millions of tons of coal as freight. We never would have cared or thought about building western lines if the Pennsylvania Railroad Company would have taken our traffic. We could have given them a million of tons per annum to the Lakes alone. We could have sent half a million tons over their local lines between the coal fields and Pittsburgh, and into the West; but the only way in which we can send coal over the Pennsylvania Railroad to-day, so far as I know (although I must do them the justice to say that I have been told the system has been, or is to be, changed), is to sell it to one of four firms, who alone had rates that would enable them to carry it.

Look upon the map at the coal fields in the neighborhood of Pottsville; look at the Pennsylvania Railroad's short line to Erie. If we sell coal to one of two firms, we can send it by their line to Erie, but if we want to sell to any one else, if we want to enter that market as a seller of coal, we have to go around Robin Hood's barn to get there, and there is no more use of attempting to try to get over the Pennsylvania Railroad with our coal business—and make the trade a commercial success—than there would be to carry the coal in a balloon.

At this very time we are sending coal from the neighborhood of Pottsville by canal, river, and lake navigation, down the Schuylkill, through the Delaware and the Chesapeake, up to Baltimore, unloading it from the boat upon the wharves of the Baltimore and Ohio Railroad Company, and there loading it upon cars, and sending it by the Baltimore and Ohio Railroad to Chicago, going probably five or six hundred miles of unnecessary distance, instead of sending it, as we would be glad to send it, over the lines of the Pennsylvania Railroad. There was a

time, indeed, when they offered to take our coal. Within a year or two they said, "We will go out of the anthracite coal business; we will either give you all the coal we mine at the breaker, or we will lease you all our collieries; we will open all our lines to your coal; we will take it all over the United States; we will give you the lowest rates we give anybody; we will never compete with you; we will do all that if"—what? "Provided you will join us and prevent the Baltimore and Ohio Railroad getting into Philadelphia," and we said, "No." [*Applause.*]

These are the terms upon which we could have done business upon the highways of this Commonwealth. The Pennsylvania Railroad Company hold those highways under the State, by virtue of the right of eminent domain. They are dedicated to public use as public highways. We have a right to force our traffic over them, and we are coolly told, "You shall not use these public highways; you shall not have your business taken over them; you shall be excluded from their use, unless you will unite with us, and violate the law yourself, by closing your own public highway against the business of another corporation, and thus prevent it from obtaining entrance into the City of Philadelphia." [*Applause.*]

I have read to you to-night the notices under which they stopped the oil trade, and I will tell you how they endeavored to stop the passenger traffic of the Baltimore and Ohio Railroad passing through Philadelphia. I do not mean how they annoyed us on that one mile of road when the Baltimore and Ohio passengers were going over the "Bound Brook" route, because you all know that they detained the trains from fifty-five minutes to an hour and ten minutes in going one mile. That they did every day until at last nobody would go in the cars to suffer the detention, and the business fell off so that it was not worth while to transport it. But when the Baltimore and Ohio Company was sending its passengers over the Pennsylvania Railroad Company's own line to New York, and the Pennsylvania Railroad Company got the benefit of the entire business from Philadelphia to New York, it happened that the Baltimore and Ohio line from St. Louis was so much shorter than that of the Pennsylvania Railroad Company,

that the former company could make better time into New York, and by virtue of that short line the Baltimore and Ohio passengers leaving St. Louis reached New York about half an hour or an hour ahead of the Pennsylvania Railroad passengers. Of course, all the people wanted to go by the short route. The ingenious manner in which the Pennsylvania Railroad put a spoke in the wheel of the Baltimore and Ohio Railroad is worthy the attention of anybody who desires to study modern railroad tactics. They simply changed their schedule so that Baltimore and Ohio passengers had to stop one hour at the West Philadelphia depot for dinner, and while the poor belated passengers were waiting for dinner, the Pennsylvania Railroad trains were making fast time, so that both arrived at New York on the same schedule time. [*Laughter.*] That little meanness, that little trick, that contemptible piece of chicanery was just the last feather that broke the back of the camel. It is just that, I believe, which made the Baltimore and Ohio Railroad Company determine that it would build a new line of railway to Philadelphia. The result of those few dinners in the West Philadelphia depot, from which the restaurant of the Pennsylvania Railroad receives a small profit—I really do not know whether the officers get the profits or the company get the profits [*laughter*]; but the profits could not have been more than twenty, thirty, or forty dollars, and for the sake of getting that profit the Pennsylvania Railroad will lose in the future eight or nine hundred thousand dollars a year in the Baltimore and New York traffic.

One pretext for this discrimination in rates by some railroad companies is, that they only make it in favor of those who do the greatest business; but oftentimes this is the baldest pretext of all, because these unjust discriminations are generally in charges for transporting the products of the mines or the products of the soil; not products raised, owned, or manufactured by the shipper, but handled or transported by a factor or a commission merchant, and the very fact that such factor or merchant has the promise of a lower rate enables him to get the large

amount of business, which he could not obtain but for that lower rate, and it often effectually prevents any one coming after him from securing the same amount of business, in order to have a right to demand the same rate of charges. When I became President of the Reading Railroad Company, nearly all the coal business at Port Richmond was done by factors. They did not own the mines; other people mined the coal and consigned it to factors, or sold it to coal merchants. If the Reading Railroad Company had taken the position that whoever did the largest business should have the lowest rates; if it had simply picked out one or two of the commission men or merchants, and said, "If you get a million tons we will carry for you at ten cents per ton cheaper than for anybody else," the extra profit would have been \$100,000 a year, and all that would have been necessary for the favored consignee to do, in order to get his million of tons, and secure the low rate, would have been to go up to Schuylkill County, among the miners, and say to them, "Consign me your coal for this year and I will give you five cents better than anybody else," and he could thus have secured the million of tons, and nobody else could have competed with him. He would have secured the business simply because he got the low rate; and he could then have said to his distanced competitor, to the public, to the Legislature, and to the Courts, "Why, this is perfectly right; if anybody else will ship a million tons he can have the same rate." Nobody else, however, could get that quantity, because one man had already absorbed so much.

It is quite safe for a railway company to promise to treat all alike, after their favorites have secured so much of the particular traffic that no one else can comply with the condition upon the performance of which all are to be treated alike.

What is the remedy for this evil? As I am delivering a lecture on abuses, I should point out the remedies for such abuses. The remedy for this evil is with the Courts. I opposed at Washington (two or three years ago) the

passage of a law upon the subject, because I thought Congress had very little, if anything, to do with the control of the railroads of the different States, and I did not want them to have anything to do with them. [*Applause.*] I advocated, however, for the protection of shippers of inter-State commerce, that which I would advocate in Pennsylvania to-day for the protection of those whose consignments do not pass the boundaries of the Commonwealth, namely, that there should be a law vesting in the Courts the power to issue a writ of mandamus to compel every railroad company to move the same kind of traffic, between the same points, at the same rate for one person as for another.

There is no efficient remedy but this. If the shipper can rely only on his action for damages, and he ships a cargo of peaches, or a cargo of ice, or a cargo of other perishable material, which the railway refuses to transport without discrimination against him in charges, and he brings his action at law for damages, his peaches are rotten, his ice is melted, his perishable property is destroyed, long before he can get his case before a jury, and a verdict in damages is compensation only for the loss of the particular consignment, but not for the destruction of his business as a transporter. What is wanted is some remedy that will enable a man in business to have his traffic moved instantly. If there is a dispute about rates, let security be deposited in Court, and when the Court decides what is proper, let it be paid; but do not permit the railway company to stop the traffic one moment, pending a dispute about rates, if security is offered for the proper amount. If you stop the traffic, you destroy the business of the shipper. A railroad company wins in every fight of that kind, because the remedy by an action for damages is utterly and entirely inadequate to cure the evil. [*Applause.*]

I do not think it would be productive of good to have railway commissions, simply because I fear that if the great corporations could not secure the commissioners, they would attempt to influence and secure the powers that

appointed them, and it is much better that all these things should be left to the administration of justice in the Courts of law.

As an illustration of the degrading effect of political influence upon official life, I have often thought that the judiciary of Pennsylvania, after the blow that it received by the introduction of the elective system, received no greater blow than that which vested in the Judges the power to appoint persons to political office. It has not yet done much harm; we have not felt it; the system is too new to have wrought changes; but for many years the Legislature, in one case after another, has been vesting in some of the Courts of this Commonwealth, and especially in those of this City, the power to appoint people to office; and what will be the result, five, ten, or twenty years hence? The result inevitably will be this: that the people who struggle to secure those offices, the lower politicians and the political rings, will take part in the nomination of Judges, and install their own candidates in power, for the mere purpose of disbursing the patronage of their appointing power, and from that moment the judiciary of Pennsylvania will begin the deep and rapid descent which will inevitably terminate with its destruction. [*Applause.*]

Another instance of danger to be apprehended from a similar cause is this. You know how badly the Indian affairs of this country are supposed to be administered, and I have no doubt there have been great abuses. It has been suggested that the administration of Indian affairs should be placed under the control of the regular army of the United States. I have not the slightest doubt that if the regular army had the administration of the Indian affairs, for the first five or ten years they would be honestly administered. Great savings would be made; great scandal would be avoided; but what would be the ultimate effect upon the army? How long do you think young men from West Point, without experience, some of them probably with extravagant habits and easily led astray, would resist the corrupting influences of a horde of Indian contractors and post traders? The result would be that in fifteen or twenty years the *morale* of the army

officers might be destroyed by the influences which some would be unable to resist. And so I say that if you attempt to control the railway traffic of this country by a commission, the great danger is, that if the commission is not controlled directly by the railway companies, the power that appoints the commission will be. People will be sent to Congress; candidates will be selected; certain railway companies will take part in politics for the mere purpose of securing the appointment of the commissioners. The only remedy, therefore, that I can suggest for this evil is that which the Courts can administer, and I do not believe that any adequate remedy can be afforded by Congress, or even by the Legislatures of the several States.

The third and last evil of which I have to speak, is the corrupt control of political power. With sorrow and with shame I am forced to admit, that there is no State that has suffered so much from this evil as the State of Pennsylvania; there is no city that has suffered so much from it as the City of Philadelphia, and without hesitation or fear of contradiction, I say that there is no company in the whole United States that has been so guilty as the Pennsylvania Railroad Company. From the date of the repeal of the tonnage tax until within a year or two, it has owned the Legislature of this Commonwealth. It has bought its members like sheep in the shambles. There were times when it went so far and became so shameless, that the money for their votes was given at stated periods in envelopes, almost with the regularity with which other employees were paid. And what has been the result? Have we achieved honor? Have we achieved greatness? Is there anything in the recent political history or government of this State of which a single citizen can be proud?

We have amongst us in Philadelphia, we have within the borders of Pennsylvania, as able, as good, as honest, and as noble men as those of which any other State in the Union can boast. If the good people of this City and of this State were permitted to select their own representatives, they could send to Harrisburg; and they could send to Washington, as able a body of men as that of any other

State ; men who would reflect honor upon the Commonwealth, in whose ability we could take pride, and to whose integrity we could look with glory.

But what has been the record of the State ? The name of a Pennsylvania politician has become a by-word of reproach all over the Union. Occasionally a good man may be appointed to some office, but how seldom do you see any good or great man elected to a great or a national office from Pennsylvania ! Why is it ? We have no influence in the councils of the nation, and the representatives which Pennsylvania sends to the conventions of both parties are powerless to protect the interests of the State. It is because those who fill so many of our offices have been corrupted and debauched, that there is nobody to stand up and defend the interests of Pennsylvania, except those who have been trained to look out for their own pocket and to neglect the welfare of their constituents.

I have shown you the effect of this evil upon the community, and now let me ask, what has been the effect upon the Pennsylvania Railroad Company itself ? Has it done that company any good ? Is it good for that company to have the animosity and the ill-will of the great and good people of this Commonwealth ? How much stronger to-day would the Pennsylvania Railroad Company be in the affections of the people if it had never tampered with their Legislature ! [*Applause.*] True, such interference has been temporarily crowned with some transient success or triumph. True, the Pennsylvania Railroad Company has over and over again, by reason of this corruption, obtained a victory over its opponents, but at what cost, and what is to be the result ? The end is not yet, and when the day of reckoning does come I am sure it will be found that, tested by business principles alone, and apart from the question of morality, the most unfortunate investment ever made by the Pennsylvania Railroad Company was the money expended upon political corruption.

Let me call your attention to one thing. You see that there are occasionally accidents upon the Pennsylvania Railroad, and of late years there have been a number. It

is as well-built a railroad as there is in the world. There is hardly a mechanical construction or appliance that ingenuity can invent, or that money can purchase, which is not made use of by the Pennsylvania Railroad Company for the comfort and safety of its passengers. I do not believe, as a piece of mechanism, that there is in the world so good a railroad. Why then do they have accidents? Whenever there is an accident, if you look at its cause, in nine cases out of ten you will find it has been due to some want of discipline among its men. It is utterly impossible for any great corporation, whose principal officers have stooped so low as to be guilty of the wrong and crime which I am denouncing, to maintain proper discipline among its employees. Why? Simply because they have corruptly controlled political power. They are not only under obligations to politicians, but politicians of the lowest type can control them, because they are in the possession of such secrets as they dare not permit to be known. There never was a time within ten or twenty years when there were not hundreds of people of this State who could say to the Pennsylvania Railroad and to some of its officers, "You must do what I ask you to do, because I know that which you dare not permit to be exposed." There are but few of the corrupt politicians of the State who could not demand from the Pennsylvania Railroad Company the appointment of their favorites to a place in the service of the company, and wherever you have such a system, you will have lack of discipline and an inability to enforce a strict compliance with police regulations. A great railroad traffic cannot be successfully conducted except when, from the highest down to the lowest in the service of the company, every man can instantly turn to his delinquent subordinate and dismiss him for incompetency, without the fear that he may be told, "You dare not discharge me, for if you do, I will say something about you which you will not care to have made known." [*Applause.*]

Do you think that those upon the staff of the Pennsylvania Railroad Company to-day, who have been manipulating Councils and manipulating Legislatures, would submit to be discharged? Why, gentlemen, if you do,

you know little about human nature; and, wherever such a system exists, there will be a lack of discipline, from which the public as well as the shareholders will suffer.

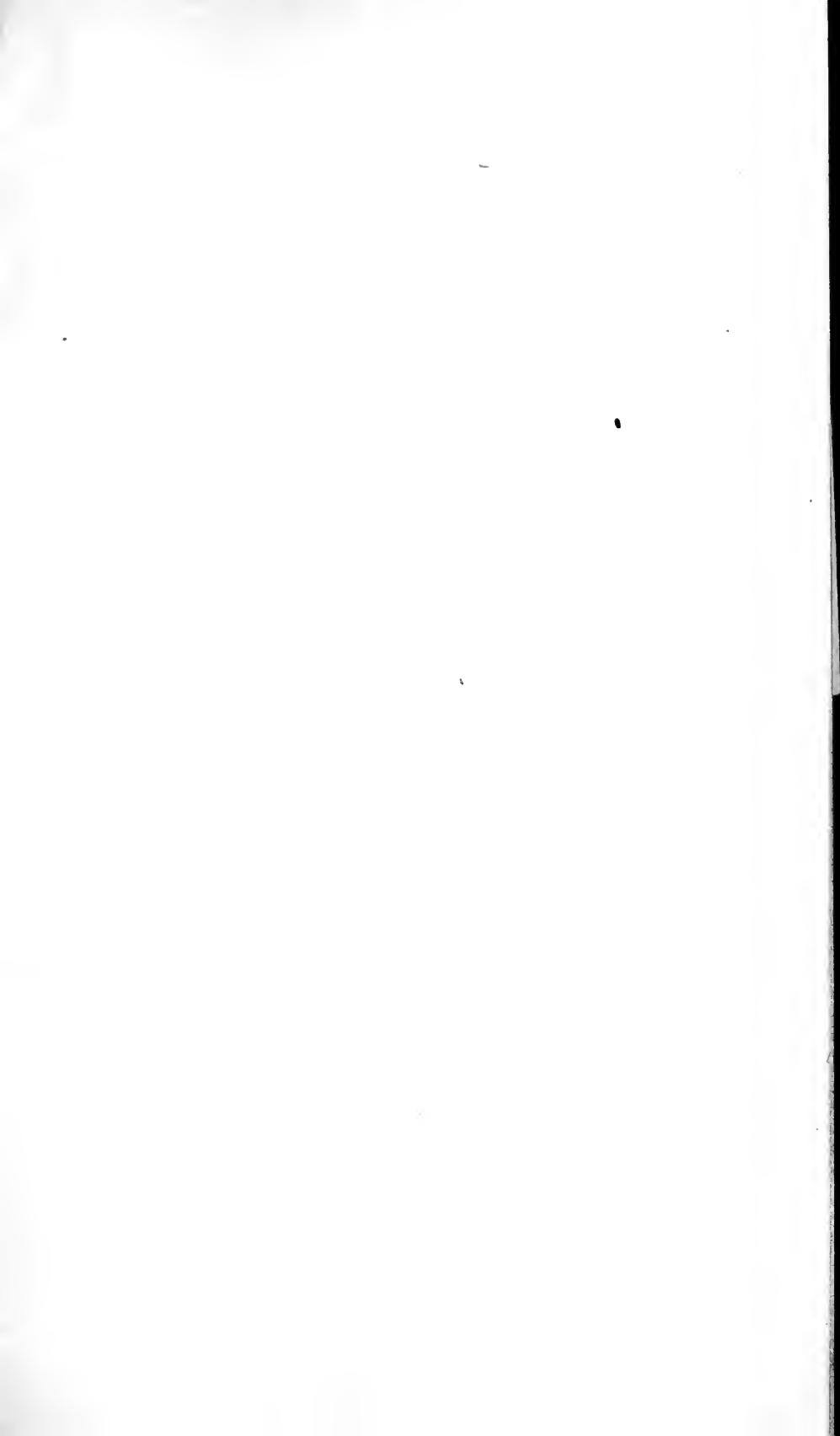
This, then, is the third of the evils that are to be cured. What is the remedy for this evil? The remedy is absolutely and entirely with the people of this State, and it is to be enforced at the polls. There is no remedy but this, and this remedy the public must enforce. I believe that calm, temperate, wise, but earnest and fearless discussion, will bring about the proper solution of all these difficulties. I believe the good time is coming when this State will be purified and regenerated, and enter upon a new career of prosperity, of honor, and of glory. That this good time will come, I am well assured. That it will come soon, I have the most unfaltering confidence. If it comes quickly, it will come peaceably; but if it is long delayed, it will come upon the wings of the whirlwind, and it will rend its victims as with the swift lightnings of God. If this gigantic corporation, that has so long corruptly controlled the destinies of a great Commonwealth, will not yield to the demands of an honest people for an honest government; if, "trusting unto the multitude of their riches, they strengthen themselves in their wickedness;" if they continue to intrench themselves behind a fraudulent ballot, a corrupt Legislature, and a pliant judiciary; if they take no heed to the first low mutterings of the coming storm, then I do know that when the great tornado of popular indignation bursts upon them it will be with the irresistible fury of the avalanche, and it will overwhelm them as with the ghastly ruin of the earthquake. [*Applause.*]

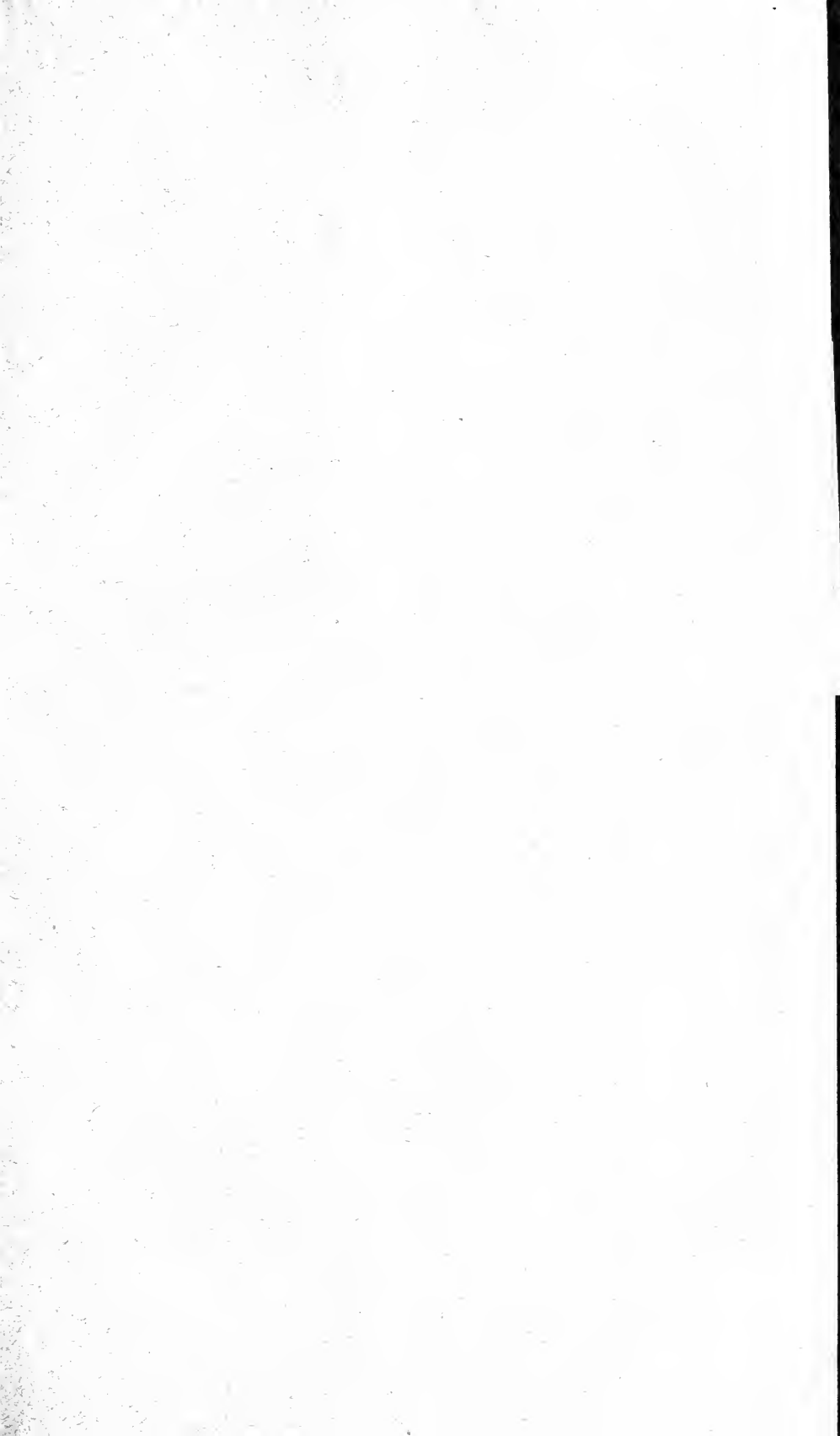
To-day is the time for discussion and for warning. To-morrow may be the time for action and for retribution.

"No time for speech, the trumpet rings;
Be patient, steady, calm;
God help them if the tempest swings
The pine against the palm."

And now I have done. I have pointed out to you the great evils of a bad system, and the greatest of all is the last, of which I have spoken. I cannot but believe that

you will do your part to place your great City in the position she should occupy towards a system which permits such wrongs to go unrebuked. Those who suffer from the injury can apply the remedy, and I can only conclude by expressing the fervent hope that the irresistible fiat of a great people will be heard and obeyed, without invoking the aid of any other instruments for the protection of society than those which are supplied by the organized forms of law; so that vice may be defeated and virtue may be triumphant, and "so that a man shall say, verily there is a reward for the righteous, doubtless there is a God that judgeth the earth."





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